

WINTERSET COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021

WINTERSET COMMUNITY SCHOOL DISTRICT

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WINTERSET COMMUNITY SCHOOL DISTRICT

OFFICIALS

(Before January 2021)

| <u>Name</u>                      | <u>Title</u>                     | <u>Term Expires</u> |
|----------------------------------|----------------------------------|---------------------|
| <u>Board of Education</u>        |                                  |                     |
| Jeff Nicholl                     | President                        | 2021                |
| Jared McDonald                   | Vice President                   | 2021                |
| James Olson                      | Board Member                     | 2023                |
| Julie Knobloch                   | Board Member                     | 2023                |
| Kirk Macumber                    | Board Member                     | 2023                |
| <u>School District Officials</u> |                                  |                     |
| Justin Gross                     | Superintendent                   | 2021                |
| Cammy Leners                     | Business Manager/Board Secretary | 2021                |
| Ahlers Law Firm                  | Attorney                         | Indefinite          |

(After January 2021)

| <u>Name</u>                      | <u>Title</u>                     | <u>Term Expires</u> |
|----------------------------------|----------------------------------|---------------------|
| <u>Board of Education</u>        |                                  |                     |
| Jeff Nicholl                     | President                        | 2021                |
| Jared McDonald                   | Vice President                   | 2021                |
| James Olson                      | Board Member                     | 2023                |
| Julie Knobloch                   | Board Member                     | 2023                |
| Kirk Macumber                    | Board Member                     | 2023                |
| <u>School District Officials</u> |                                  |                     |
| Justin Gross                     | Superintendent                   | 2021                |
| Cammy Leners                     | Business Manager/Board Secretary | 2021                |
| Ahlers Law Firm                  | Attorney                         | Indefinite          |



ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
*"Your Success Is Our Business."*

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Winterset Community School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winterset Community School District, Winterset, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winterset Community School District at June 30, 2021, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 4 through 12 and 43 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winterset Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on these statements. Other auditors audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards Required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2021 on our consideration of Winterset Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Winterset Community School District's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

Ottumwa, Iowa  
November 10, 2021

*Anderson, Larkin & Co., P.C.*



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Winterset Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2021 FINANCIAL HIGHLIGHTS

- The District showed a decrease of \$97,706 or .57% in net position for governmental activities for the year ending June 30, 2021.
- The District applied for all eligible SBRC spending authority. At June 30, 2021, the authorized unspent balance (also known as spending authority) of \$5,855,773 exceeded the General Fund balance of \$3,422,257 by \$2,433,516.
- Financial solvency ratio is a measure of the financial health of a School District used to determine the District's ability to fund outstanding financial liabilities at fiscal year-end. A targeted solvency ration of 5%-15% is recommended. At June 30, 2021 the District's solvency ratio was 16.06%.
- The District's General Fund total revenues exceeded total expenditures by \$177,570.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Winterset Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business-type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Winterset Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in the District's total OPEB liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various Federal programs benefiting the district.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

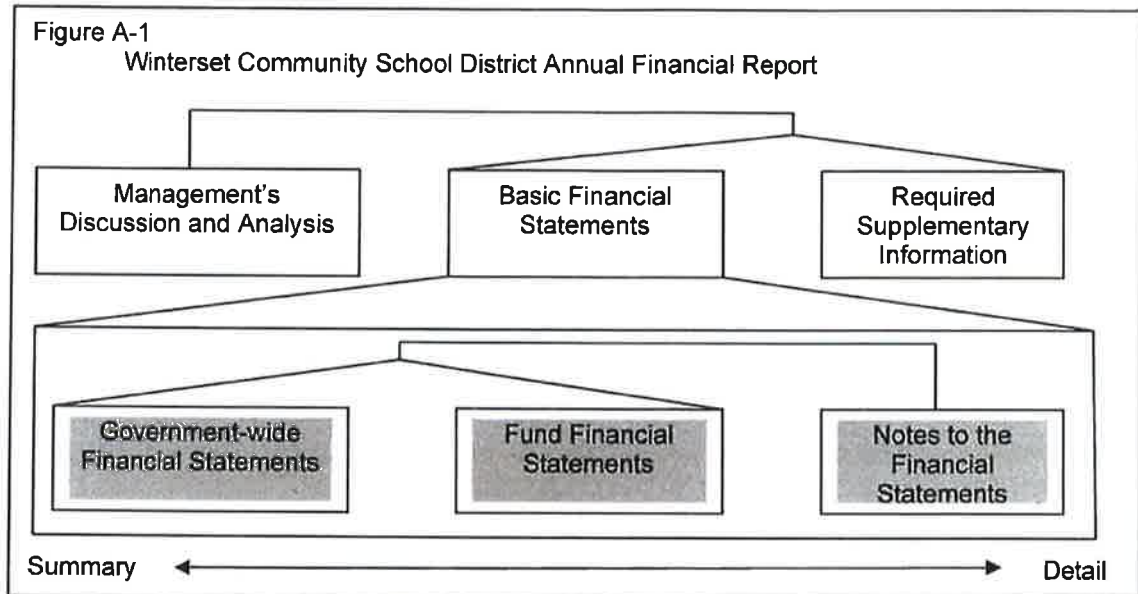


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

| Figure A-2<br>Major features of the Government-Wide and Fund Financial Statements |  |  |  |   |
|---|--|--|--|---|
|   | Government-wide statements   | Fund Statements  |  |   |
|   |  | Governmental Funds   | Proprietary Funds  | Fiduciary Funds   |
| Scope   | Entire district (except fiduciary funds)   | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the district operates similar to private businesses: food service   | Instances in which the district administers resources on behalf of someone else, such as scholarship programs                                     |
| Required financial statements   | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>  | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting basis and measurement focus  | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus   |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included   | All assets and liabilities, both financial and capital, short-term and long-term   | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of deferred outflow/inflow information                                       | Consumption/acquisition of net position that is applicable to a future reporting period                          | Consumption/acquisition of fund balance that is applicable to a future reporting period  | Consumption/acquisition of net position that is applicable to a future reporting period  | Consumption/Acquisition of net position that is applicable to a future reporting period   |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid                               | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid   | All additions and deductions during the year, regardless of when cash is received or paid   |
| Common names of district funds included   | All funds with the exception of scholarship funds  | General, PPEL, management, student activity, debt service, capital projects  | Nutrition fund   | Special projects  |

## Reporting the District's Financial Activities

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants. The District establishes other funds to control and manage money for particular purposes such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Debt Service Fund, the Capital Projects Fund and the Special Revenue Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition. The required financial statements for the proprietary fund include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for the assets that belong to others. These funds include the Private Purpose Trust and Custodial Funds.
  - *Private Purpose Trust Fund* – The District accounts for outside donations for scholarships for individual students in this fund. There are currently 11 scholarship trust funds: Harpole, Hendricks, See, Smith, Dorrell, McGuinness, Schwertfeger, Newton, Stowell, Winslow-Bertelson and McDonald.
  - *Custodial Fund* – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District organizations and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for Fiduciary funds include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position on June 30, 2021 compared to June 30, 2020.

Figure A-3  
Condensed Statement of Net Position

|                                     | Governmental<br>Activities |                      | Business Type<br>Activities |                   | Total<br>District    |                      | Total<br>Change |
|-------------------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|-----------------|
|                                     | June 30,                   |                      | June 30,                    |                   | June 30,             |                      | June 30,        |
|                                     | 2021                       | 2020                 | 2021                        | 2020              | 2021                 | 2020                 | 2020<br>-2021   |
| Current assets                      | \$ 23,693,081              | \$ 26,309,365        | \$ 553,494                  | \$ 660,696        | \$ 24,246,575        | \$ 26,970,061        | (10.1) %        |
| Noncurrent assets                   | <u>43,504,033</u>          | <u>43,745,983</u>    | <u>332,866</u>              | <u>30,478</u>     | <u>43,836,899</u>    | <u>43,776,461</u>    | 0.14            |
| Total assets                        | <u>67,197,114</u>          | <u>70,055,348</u>    | <u>886,360</u>              | <u>691,174</u>    | <u>68,083,474</u>    | <u>70,746,522</u>    | (3.76)          |
| Deferred outflows of<br>resources   | <u>2,747,194</u>           | <u>2,621,964</u>     | -                           | -                 | <u>2,747,194</u>     | <u>2,621,964</u>     | 4.78            |
| Current liabilities                 | 4,182,916                  | 6,170,370            | 50,235                      | 34,429            | 4,233,151            | 6,204,799            | (31.78)         |
| Noncurrent<br>liabilities           | <u>37,084,392</u>          | <u>37,341,142</u>    | -                           | -                 | <u>37,084,392</u>    | <u>37,341,142</u>    | (0.69)          |
| Total liabilities                   | <u>41,267,308</u>          | <u>43,511,512</u>    | <u>50,235</u>               | <u>34,429</u>     | <u>41,317,543</u>    | <u>43,545,941</u>    | (5.12)          |
| Deferred inflows of<br>resources    | <u>11,699,617</u>          | <u>12,090,711</u>    | -                           | -                 | <u>11,699,617</u>    | <u>12,090,711</u>    | (3.23)          |
| Net position:                       |                            |                      |                             |                   |                      |                      |                 |
| Net investment in<br>capital assets | 16,487,660                 | 14,259,655           | 332,866                     | 30,478            | 16,820,526           | 14,290,133           | 17.71           |
| Restricted                          | 7,511,950                  | 9,715,411            | -                           | -                 | 7,511,950            | 9,715,411            | (22.68)         |
| Unrestricted                        | <u>(7,022,227)</u>         | <u>(6,899,977)</u>   | <u>503,259</u>              | <u>626,267</u>    | <u>(6,518,968)</u>   | <u>(6,273,710)</u>   | (3.91)          |
| Total net position                  | \$ <u>16,977,383</u>       | \$ <u>17,075,089</u> | \$ <u>836,125</u>           | \$ <u>656,745</u> | \$ <u>17,813,508</u> | \$ <u>17,731,834</u> | 0.46 %          |

The District's total net position increased by .46%, or \$81,674, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$2,203,461, or 22.68% from the prior year primarily due to the expenditure of bond proceeds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased \$245,258, or 3.91%.

Figure A-4 shows the change in net position for the year ended June 30, 2021 compared to the year ended June 30, 2020.

| Figure A-4<br>Change in Net Position                          |                            |                     |                             |                   |                   |                    |                       |
|---|----------------------------|---------------------|-----------------------------|-------------------|-------------------|--------------------|-----------------------|
|   | Governmental<br>Activities |                     | Business Type<br>Activities |                   | Total<br>District |                    | Total<br>Change       |
|   | June 30,                   |                     | June 30,                    |                   | June 30,          |                    | June 30,              |
|   | <u>2021</u>                | <u>2020</u>         | <u>2021</u>                 | <u>2020</u>       | <u>2021</u>       | <u>2020</u>        | <u>2020-<br/>2021</u> |
| Revenues  |                            |                     |                             |                   |                   |                    |                       |
| Program revenues:   |                            |                     |                             |                   |                   |                    |                       |
| Charges for services  | \$ 759,602                 | \$ 945,569          | \$ 33,965                   | \$ 489,054        | \$ 793,567        | \$ 1,434,623       | (44.68) %             |
| Operating grants,<br>contributions and<br>restricted interest | 1,373,919                  | 1,575,627           | 836,346                     | 494,522           | 2,210,265         | 2,070,149          | 6.77                  |
| General revenues:   |                            |                     |                             |                   |                   |                    |                       |
| Property tax  | 10,391,643                 | 9,348,332           | -                           | -                 | 10,391,643        | 9,348,332          | 11.16                 |
| Statewide sales,<br>services and use tax                      | 1,724,904                  | 1,779,969           | -                           | -                 | 1,724,904         | 1,779,969          | (3.09)                |
| Unrestricted state<br>grants                                  | 12,178,488                 | 11,447,265          | -                           | -                 | 12,178,488        | 11,447,265         | 6.39                  |
| Unrestricted<br>investment earnings                           | 24,955                     | 342,819             | 104                         | 3,810             | 25,059            | 346,629            | (92.77)               |
| Other   | <u>429,480</u>             | <u>-</u>            | <u>(5,134)</u>              | <u>404</u>        | <u>424,346</u>    | <u>404</u>         | 1,049.36              |
| Total revenues  | <u>26,882,991</u>          | <u>25,439,581</u>   | <u>865,281</u>              | <u>987,790</u>    | <u>27,748,272</u> | <u>26,427,371</u>  | 5.00                  |
| Program expenses:   |                            |                     |                             |                   |                   |                    |                       |
| Instruction   | 13,880,896                 | 13,699,840          | -                           | 167,208           | 13,880,896        | 13,866,868         | .10                   |
| Support services  | 7,290,107                  | 6,971,265           | -                           | -                 | 7,290,107         | 6,971,265          | 4.57                  |
| Non-instructional<br>programs                                 | 283,290                    | 121,215             | 685,901                     | 682,498           | 969,191           | 803,713            | 20.59                 |
| Other expenses  | <u>5,526,404</u>           | <u>4,801,099</u>    | <u>-</u>                    | <u>-</u>          | <u>5,526,404</u>  | <u>4,801,099</u>   | 15.11                 |
| Total expenses  | <u>26,980,697</u>          | <u>25,593,419</u>   | <u>685,901</u>              | <u>849,526</u>    | <u>27,666,598</u> | <u>26,442,945</u>  | 4.63                  |
| Change in net position  | \$ <u>(97,706)</u>         | \$ <u>(153,838)</u> | \$ <u>179,380</u>           | \$ <u>138,264</u> | \$ <u>81,674</u>  | \$ <u>(15,574)</u> | 624.43 %              |

In the fiscal year 2021, property tax, statewide sales, services and use tax and unrestricted state grants accounted for 81.12% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 100.58% of the revenue of the business-type activities.

The District's total revenues were approximately \$28 million, of which approximately \$27 million was for governmental activities and approximately \$1 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced an 5.00% increase in revenues and a 4.63% increase in expenses.

## Governmental Activities

Revenues for governmental activities were \$26,882,991 and expenses were \$26,980,697 for the year ended June 30, 2021.

- The cost financed by users of the District's programs was \$759,602.
- Federal and state government subsidized certain programs with grants and capital contributions totaling \$1,373,919.
- The net cost of governmental activities was financed with \$10,391,643 in local tax, \$1,724,904 in statewide sales, services and use tax, \$12,178,488 in unrestricted state grants, and \$24,955 in interest income.

The following table (Figure A-5) presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2021 compared to the year ended June 30, 2020.

Figure A-5

| Total and Net Cost of Governmental Activities |                      |                      |                 |                             |                      |                 |
|---|----------------------|----------------------|-----------------|-----------------------------|----------------------|-----------------|
| <u>Total Cost of Services</u>                 |                      |                      | Total<br>Change | <u>Net Cost of Services</u> |                      |                 |
| June 30,                                      |                      | 2020-2021            |                 | June 30,                    |                      | Total<br>Change |
| <u>2021</u>                                   | <u>2020</u>          |                      |                 | <u>2021</u>                 | <u>2020</u>          |                 |
| Instruction                                   | \$ 13,880,896        | \$ 13,699,840        | 1.32%           | \$ 12,518,714               | \$ 11,926,821        | 4.96%           |
| Support services                              | 7,290,107            | 6,971,265            | 4.57            | 7,290,107                   | 6,971,265            | 4.57            |
| Other expenses                                | 5,526,404            | 4,801,099            | 15.11           | 4,755,065                   | 4,052,922            | 17.32           |
| Non-instructional                             | <u>283,290</u>       | <u>121,215</u>       | 133.71          | <u>283,290</u>              | <u>121,215</u>       | 133.71          |
| Total expenses                                | \$ <u>26,980,697</u> | \$ <u>25,593,419</u> | 5.42%           | \$ <u>24,847,176</u>        | \$ <u>23,072,223</u> | 7.69%           |

## Business Type Activities

Revenues of the District's business-type activities for the year-end June 30, 2021 totaled \$865,281 representing a 12.40% decrease from the prior year, while expenses totaled \$685,901, an 19.26% decrease from the prior year. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Winterset Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of \$10,766,492, a decrease over last year's ending combined fund balances of \$12,833,086. The decrease is primarily due to the increase in construction in progress.

## Governmental Fund Highlights

- The District's General Fund balance increased from \$3,244,687 at June 30, 2020 to \$3,422,257 at June 30, 2021, is primarily due to unexpected pandemic funds.
- Capital Projects Fund balance decreased from \$5,636,612 in fiscal 2020 to \$3,228,073 in fiscal 2021 and is primarily due to the expenditures related to ongoing capital projects.
- Debt Service Fund balance increased from \$1,452,474 in fiscal 2020 to \$1,541,421 in fiscal 2021 and is primarily due to an increase in local tax revenue.
- Management Fund balance increased from \$2,298,978 in fiscal 2020 to \$2,388,402 in fiscal 2021 and is primarily due to an increase in local tax revenue.

## Proprietary Fund Highlights

The Proprietary Fund Net Position increased from \$656,745 at June 30, 2020 to \$836,125 at June 30, 2021, representing an increase of 27.13%. The increase is due to a decrease in instructional program expenditures.

## BUDGETARY HIGHLIGHTS

The District's actual revenues were \$598,095 more than the certified budget, a variance of 2.17%.

Total actual expenditures were \$3,982,037 less than the certified budget. It is the District's practice to budget expenditures at the maximum authorized spending authority. The District then manages or controls general fund spending through its line-item budget. As a result, typically the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the District had invested \$43,556,409 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of .18% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$2,511,897.

The original cost of the District's capital assets was \$61,919,685. Governmental activities account for \$61,461,814 with the remainder of \$457,871 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6  
Capital Assets, Net of Depreciation

|   | Governmental<br>Activities |               | Business Type<br>Activities |           | Total<br>District |               | Total<br>Change |
|---|----------------------------|---------------|-----------------------------|-----------|-------------------|---------------|-----------------|
|   | June 30,                   |               | June 30,                    |           | June 30,          |               |                 |
|   | 2021                       | 2020          | 2021                        | 2020      | 2021              | 2020          | 2020-2021       |
| Land                                    | \$ 969,851                 | \$ 969,851    | \$ -                        | \$ -      | \$ 969,851        | \$ 969,851    | - %             |
| Buildings                               | 38,568,219                 | 22,091,407    | -                           | -         | 38,568,219        | 22,091,407    | 74.58           |
| Improvements<br>other than<br>buildings | 3,025,665                  | 836,816       | -                           | -         | 3,025,665         | 836,816       | 261.56          |
| Furniture and<br>equipment              | 659,808                    | 718,720       | 332,866                     | 30,478    | 992,674           | 749,198       | 32.5            |
| Construction in<br>progress             | -                          | 18,830,843    | -                           | -         | -                 | 18,830,843    | (100.00)        |
| Total                                   | \$ 43,223,543              | \$ 43,447,637 | \$ 332,866                  | \$ 30,478 | \$ 43,556,409     | \$ 43,478,115 | .18 %           |



## Long-Term Debt

At June 30, 2021, the District had \$27,285,000 in total long-term debt outstanding. This represents a decrease of 8.4% from last year. (See Figure A-7) Additional information about the District's long-term liability is available in Note 5 to the financial statements.

|  | Figure A-7<br>Outstanding Long-term Obligations |                      |                 |
|--|---|----------------------|-----------------|
|  | Total<br>District<br>June 30,                   |                      | Total<br>Change |
|  | 2021  | 2020                 | 2020-2021       |
| General obligation bonds               | \$ 21,070,000                                   | \$ 22,755,000        | (7.4) %         |
| Revenue bonds                          | 6,215,000                                       | 7,040,000            | (11.72)         |
| Early retirement                       | 73,099  | 112,952              | (35.28)         |
| Compensated absences                   | 81,059  | 77,252               | 4.93            |
| Net pension liability                  | 10,541,910                                      | 8,998,250            | 17.18           |
| Total other postemployment<br>benefits | 913,000   | 866,000              | 5.43            |
| Total long-term obligation             | \$ <u>38,894,068</u>                            | \$ <u>39,847,454</u> | (2.39) %        |

As of June 30, 2021, the District had outstanding general obligation bonds of \$21,070,000, outstanding revenue bonds of \$6,215,000, outstanding early retirement benefits of \$73,099 payable from the Special Revenue, Management Fund, outstanding compensated absences of \$81,059 payable from the General Fund, net pension liability of \$10,541,910 and total OPEB liability of \$913,000.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- Inadequate state funding will continue to exert pressure on District finances to meet personnel, facility and transportation needs.
- Each year the District negotiates new agreements with the Winterset Community Education Association (WCEA) for certified staff and the Winterset Educational Support Employees Association (WESEA) for support personnel. Any settlements in excess of "new money" or growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- Net Taxable valuations for the District rose 8.773% for fiscal 2022. Winterset Community School District is considered to be "property poor", ranking 254<sup>th</sup> out of 327 total districts, with a net taxable valuation per pupil of \$350,215 for fiscal 2021.
- The District has a financial solvency ratio of 16.06%. It will be important to maintain an adequate cash reserve levy, when statute allows, to maintain a financial solvency range of 5-15% and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent over 78% of the operating budget.
- Certified enrollment October 1, 2020 (for fiscal 2022 funding) was 1671, with a non-typical decrease of 57 students (-3.3%) from October 1, 2019. The decrease is attributable to a large graduating class and increased home schooling/dual enrollment due to the COVID 19 health pandemic. Enrollment rebounded with the October 1, 2021 certified count at 1,706, an increase of 35 students. The District employs a demographer to assist with enrollment forecasting.
- The economy continues to be a factor that could have consequences for the district in regard to state revenues, property valuations and enrollment.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Cammy Leners, Business Manager/Board Secretary, Winterset Community School District, 303 Wambold Drive, P.O. Box 30, Winterset, Iowa, 50273-0030.

## BASIC FINANCIAL STATEMENTS

## WINTERSET COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2021

|   | Governmental<br>Activities | Business Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS:</b>  |                            |                             |                      |
| Current assets:   |                            |                             |                      |
| Cash, cash equivalents, and pooled investments          | \$ 11,668,007              | \$ 524,849                  | \$ 12,192,856        |
| Receivables:  |                            |                             |                      |
| Property tax:   |                            |                             |                      |
| Delinquent  | 90,875                     | -                           | 90,875               |
| Succeeding year   | 10,425,073                 | -                           | 10,425,073           |
| Income surtax   | 458,964                    | -                           | 458,964              |
| Accounts  | 12,614                     | 62                          | 12,676               |
| Deposits  | 10,000                     | -                           | 10,000               |
| Due from other governments                              | 845,089                    | 22,291                      | 867,380              |
| Prepaid expenses  | 182,459                    | -                           | 182,459              |
| Inventories   | -                          | 6,292                       | 6,292                |
| Total current assets                                    | 23,693,081                 | 553,494                     | 24,246,575           |
| Noncurrent assets:                                      |                            |                             |                      |
| Deferred bond costs                                     | 280,490                    | -                           | 280,490              |
| Capital assets, net of accumulated depreciation         | 43,223,543                 | 332,866                     | 43,556,409           |
| Total noncurrent assets                                 | 43,504,033                 | 332,866                     | 43,836,899           |
| <b>TOTAL ASSETS</b>                                     | <b>67,197,114</b>          | <b>886,360</b>              | <b>68,083,474</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                  |                            |                             |                      |
| Other post employment benefit related deferred outflows | 66,219                     | -                           | 66,219               |
| Pension related deferred outflows                       | 2,298,739                  | -                           | 2,298,739            |
| Deferred charge on refunding                            | 382,236                    | -                           | 382,236              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>             | <b>2,747,194</b>           | <b>-</b>                    | <b>2,747,194</b>     |
| <b>LIABILITIES:</b>                                     |                            |                             |                      |
| Current liabilities:                                    |                            |                             |                      |
| Accounts payable  | 286,328                    | 16,409                      | 302,737              |
| Salaries and benefits payable                           | 1,756,224                  | -                           | 1,756,224            |
| Accrued interest payable                                | 217,079                    | -                           | 217,079              |
| Advances from prepaid lunches                           | -                          | 33,826                      | 33,826               |
| Revenue bonds payable                                   | 850,000                    | -                           | 850,000              |
| General obligation bonds payable                        | 965,000                    | -                           | 965,000              |
| Compensated absences                                    | 81,059                     | -                           | 81,059               |
| Early retirement  | 27,226                     | -                           | 27,226               |
| Total current liabilities                               | 4,182,916                  | 50,235                      | 4,233,151            |
| Noncurrent liabilities:                                 |                            |                             |                      |
| General obligation bonds payable                        | 20,105,000                 | -                           | 20,105,000           |
| Revenue bonds payable                                   | 5,365,000                  | -                           | 5,365,000            |
| Bond premium  | 113,609                    | -                           | 113,609              |
| Early retirement  | 45,873                     | -                           | 45,873               |
| Net pension liability                                   | 10,541,910                 | -                           | 10,541,910           |
| Total other post employment benefits                    | 913,000                    | -                           | 913,000              |
| Total noncurrent liabilities                            | 37,084,392                 | -                           | 37,084,392           |
| <b>TOTAL LIABILITIES</b>                                | <b>41,267,308</b>          | <b>50,235</b>               | <b>41,317,543</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                   |                            |                             |                      |
| Unavailable property tax revenue                        | 10,425,073                 | -                           | 10,425,073           |
| Unavailable income surtax                               | 458,964                    | -                           | 458,964              |
| Other post employment benefit related deferred inflows  | 225,342                    | -                           | 225,342              |
| Pension related deferred inflows                        | 590,238                    | -                           | 590,238              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>              | <b>11,699,617</b>          | <b>-</b>                    | <b>11,699,617</b>    |
| <b>NET POSITION:</b>                                    |                            |                             |                      |
| Net investment in capital assets                        | 16,487,660                 | 332,866                     | 16,820,526           |
| Restricted for:   |                            |                             |                      |
| Management levy purposes                                | 2,388,402                  | -                           | 2,388,402            |
| Physical plant and equipment                            | 1,659,371                  | -                           | 1,659,371            |
| Student activities                                      | 186,339                    | -                           | 186,339              |
| School infrastructure                                   | 1,568,702                  | -                           | 1,568,702            |
| Debt service  | 1,541,421                  | -                           | 1,541,421            |
| Categorical funding                                     | 167,715                    | -                           | 167,715              |
| Unrestricted  | (7,022,227)                | 503,259                     | (6,518,968)          |
| <b>TOTAL NET POSITION</b>                               | <b>\$ 16,977,383</b>       | <b>\$ 836,125</b>           | <b>\$ 17,813,508</b> |

See Notes to Financial Statements

WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

|   |                      | <u>Program Revenues</u> |                          |
|---|----------------------|-------------------------|--------------------------|
|   |                      | <u>Charges for</u>      | <u>Operating Grants,</u> |
|   | <u>Expenses</u>      | <u>Services</u>         | <u>Contributions</u>     |
|   |                      |                         | <u>and Restricted</u>    |
|   |                      |                         | <u>Interest</u>          |
| <b><u>FUNCTIONS/PROGRAMS:</u></b>                 |                      |                         |                          |
| Governmental activities:                          |                      |                         |                          |
| Instruction:                                      |                      |                         |                          |
| Regular   | \$ 8,468,903         | \$ 510,912              | \$ 460,383               |
| Special   | 2,913,072            | 59,204                  | 102,317                  |
| Other   | 2,498,921            | 189,486                 | 39,880                   |
|   | <u>13,880,896</u>    | <u>759,602</u>          | <u>602,580</u>           |
| Support services:                                 |                      |                         |                          |
| Student   | 840,213              | -                       | -                        |
| Instructional staff                               | 1,478,027            | -                       | -                        |
| Administration                                    | 1,649,088            | -                       | -                        |
| Operation and maintenance of plant                | 2,148,317            | -                       | -                        |
| Transportation                                    | 1,174,462            | -                       | -                        |
|   | <u>7,290,107</u>     | <u>-</u>                | <u>-</u>                 |
| Non-instructional programs:                       |                      |                         |                          |
| Community service operations                      | 283,290              | -                       | -                        |
| Other expenditures:                               |                      |                         |                          |
| Facilities acquisition                            | 1,941,170            | -                       | -                        |
| Long-term debt interest                           | 1,012,679            | -                       | -                        |
| AEA flow through                                  | 771,339              | -                       | 771,339                  |
| Depreciation (unallocated)*                       | 1,801,216            | -                       | -                        |
|   | <u>5,526,404</u>     | <u>-</u>                | <u>771,339</u>           |
| Total governmental activities                     | <u>26,980,697</u>    | <u>759,602</u>          | <u>1,373,919</u>         |
| Business type activities:                         |                      |                         |                          |
| Non-instructional programs:                       |                      |                         |                          |
| Nutrition services                                | 685,901              | 33,965                  | 836,346                  |
| Total business type activities                    | <u>685,901</u>       | <u>33,965</u>           | <u>836,346</u>           |
| Total   | \$ <u>27,666,598</u> | \$ <u>793,567</u>       | \$ <u>2,210,265</u>      |
| <b><u>GENERAL REVENUES:</u></b>                   |                      |                         |                          |
| Property tax levied for:                          |                      |                         |                          |
| General purposes                                  |                      |                         |                          |
| Debt service                                      |                      |                         |                          |
| Capital outlay                                    |                      |                         |                          |
| Statewide sales, services and use tax             |                      |                         |                          |
| Unrestricted state grants                         |                      |                         |                          |
| Unrestricted investment earnings                  |                      |                         |                          |
| Gain on sales                                     |                      |                         |                          |
| Loss on sale of assets                            |                      |                         |                          |
| Contributions not restricted to specific programs |                      |                         |                          |
| Total general revenues                            |                      |                         |                          |
| Changes in net position                           |                      |                         |                          |
| Net position - Beginning of year                  |                      |                         |                          |
| Net position - End of year                        |                      |                         |                          |

\* This amount excludes the depreciation included in the direct expenses of various programs

See Notes to Financial Statements

| Net (Expense) Revenue<br>and Changes in Net Position |                             |                      |
|--|-----------------------------|----------------------|
| Governmental<br>Activities                           | Business Type<br>Activities | Total                |
| \$ (7,497,608)                                       | \$ -                        | \$ (7,497,608)       |
| (2,751,551)  | -                           | (2,751,551)          |
| <u>(2,269,555)</u>                                   | -                           | <u>(2,269,555)</u>   |
| <u>(12,518,714)</u>                                  | -                           | <u>(12,518,714)</u>  |
| (840,213)  | -                           | (840,213)            |
| (1,478,027)  | -                           | (1,478,027)          |
| (1,649,088)  | -                           | (1,649,088)          |
| (2,148,317)  | -                           | (2,148,317)          |
| <u>(1,174,462)</u>                                   | -                           | <u>(1,174,462)</u>   |
| <u>(7,290,107)</u>                                   | -                           | <u>(7,290,107)</u>   |
| (283,290)  | -                           | (283,290)            |
| (1,941,170)  | -                           | (1,941,170)          |
| (1,012,679)  | -                           | (1,012,679)          |
| -  | -                           | -                    |
| <u>(1,801,216)</u>                                   | -                           | <u>(1,801,216)</u>   |
| <u>(4,755,065)</u>                                   | -                           | <u>(4,755,065)</u>   |
| <u>(24,847,176)</u>                                  | -                           | <u>(24,847,176)</u>  |
| -  | 184,410                     | 184,410              |
| -  | 184,410                     | 184,410              |
| <u>(24,847,176)</u>                                  | <u>184,410</u>              | <u>(24,662,766)</u>  |
| 7,014,077  | -                           | 7,014,077            |
| 2,530,172  | -                           | 2,530,172            |
| 847,394  | -                           | 847,394              |
| 1,724,904  | -                           | 1,724,904            |
| 12,178,488   | -                           | 12,178,488           |
| 24,955   | 104                         | 25,059               |
| 23,360   | -                           | 23,360               |
| -  | (8,761)                     | (8,761)              |
| <u>406,120</u>                                       | <u>3,627</u>                | <u>409,747</u>       |
| <u>24,749,470</u>                                    | <u>(5,030)</u>              | <u>24,744,440</u>    |
| (97,706)   | 179,380                     | 81,674               |
| <u>17,075,089</u>                                    | <u>656,745</u>              | <u>17,731,834</u>    |
| \$ <u>16,977,383</u>                                 | \$ <u>836,125</u>           | \$ <u>17,813,508</u> |



## WINTERSET COMMUNITY SCHOOL DISTRICT

Exhibit C

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

| <u>ASSETS</u>  | <u>General</u>       | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Management</u>   | <u>Non-major Governmental</u> | <u>Total</u>         |
|--|----------------------|---------------------|-------------------------|---------------------|-------------------------------|----------------------|
| Cash, cash equivalents and pooled investments                              | \$ 4,639,568         | \$ 1,519,990        | \$ 3,089,508            | \$ 2,223,387        | \$ 195,554                    | \$ 11,668,007        |
| Receivables:   |                      |                     |                         |                     |                               |                      |
| Property tax:  |                      |                     |                         |                     |                               |                      |
| Delinquent   | 55,266               | 21,388              | 8,826                   | 5,395               | -                             | 90,875               |
| Succeeding year  | 6,888,301            | 2,346,894           | 1,076,022               | 113,856             | -                             | 10,425,073           |
| Income surtax:   | 458,964              | -                   | -                       | -                   | -                             | 458,964              |
| Accounts:  | 9,146                | -                   | -                       | -                   | 3,468                         | 12,614               |
| Due from other governments   | 700,596              | 43                  | 144,439                 | 11                  | -                             | 845,089              |
| Deposits   | -                    | -                   | 10,000                  | -                   | -                             | 10,000               |
| Prepaid expenses   | 22,500               | -                   | -                       | 159,609             | 350                           | 182,459              |
| <b>TOTAL ASSETS</b>  | <b>\$ 12,774,341</b> | <b>\$ 3,888,315</b> | <b>\$ 4,328,795</b>     | <b>\$ 2,502,258</b> | <b>\$ 199,372</b>             | <b>\$ 23,693,081</b> |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b> |                      |                     |                         |                     |                               |                      |
| <b><u>LIABILITIES:</u></b>   |                      |                     |                         |                     |                               |                      |
| Accounts payable   | \$ 248,595           | \$ -                | \$ 24,700               | \$ -                | \$ 13,033                     | \$ 286,328           |
| Salaries and benefits payable  | 1,756,224            | -                   | -                       | -                   | -                             | 1,756,224            |
| Total liabilities  | 2,004,819            | -                   | 24,700                  | -                   | 13,033                        | 2,042,552            |
| <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>                               |                      |                     |                         |                     |                               |                      |
| Unavailable revenues:  |                      |                     |                         |                     |                               |                      |
| Succeeding year property tax   | 6,888,301            | 2,346,894           | 1,076,022               | 113,856             | -                             | 10,425,073           |
| Income surtax  | 458,964              | -                   | -                       | -                   | -                             | 458,964              |
| Total deferred inflows of resources  | 7,347,265            | 2,346,894           | 1,076,022               | 113,856             | -                             | 10,884,037           |
| <b><u>FUND BALANCES:</u></b>   |                      |                     |                         |                     |                               |                      |
| Nonspendable for:  |                      |                     |                         |                     |                               |                      |
| Prepaid expenses   | 22,500               | -                   | -                       | 159,609             | 350                           | 182,459              |
| Restricted for:  |                      |                     |                         |                     |                               |                      |
| Categorical funding  | 167,715              | -                   | -                       | -                   | -                             | 167,715              |
| Debt service   | -                    | 1,541,421           | -                       | -                   | -                             | 1,541,421            |
| Management levy purposes   | -                    | -                   | -                       | 2,228,793           | -                             | 2,228,793            |
| Student activities   | -                    | -                   | -                       | -                   | 185,989                       | 185,989              |
| School infrastructure  | -                    | -                   | 1,568,702               | -                   | -                             | 1,568,702            |
| Physical plant and equipment   | -                    | -                   | 1,659,371               | -                   | -                             | 1,659,371            |
| Unassigned   | 3,232,042            | -                   | -                       | -                   | -                             | 3,232,042            |
| Total fund balances  | 3,422,257            | 1,541,421           | 3,228,073               | 2,388,402           | 186,339                       | 10,766,492           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>  | <b>\$ 12,774,341</b> | <b>\$ 3,888,315</b> | <b>\$ 4,328,795</b>     | <b>\$ 2,502,258</b> | <b>\$ 199,372</b>             | <b>\$ 23,693,081</b> |

WINTERSET COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS \$ 7,538,419

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 43,223,543

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (217,079)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Deferred outflows of resources | \$ 2,364,958     |           |
| Deferred inflows of resources  | <u>(815,580)</u> | 1,549,378 |

Long-term liabilities, including bonds payable, deferred bond costs, deferred charge to refunding, premium on bonds payable, early retirement, compensated absences, total OPEB liability, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (38,299,078)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 13,795,183

## WINTERSET COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

|  | General             | Debt<br>Service     | Capital<br>Projects | Management          | Nonmajor          | Total                |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| <b>REVENUES:</b>   |                     |                     |                     |                     |                   |                      |
| Local sources:   |                     |                     |                     |                     |                   |                      |
| Local tax  | \$ 6,237,573        | \$ 2,477,396        | \$ 1,039,968        | \$ 560,004          | \$ 208,554        | \$ 10,523,495        |
| Tuition  | 655,977             | -                   | -                   | -                   | -                 | 655,977              |
| Other  | 197,653             | 42,862              | 542,121             | 13,665              | -                 | 796,301              |
| State sources  | 12,318,319          | 37,776              | 1,740,493           | 9,551               | -                 | 14,106,139           |
| Federal sources  | 1,163,884           | -                   | -                   | -                   | -                 | 1,163,884            |
| Total revenues   | 20,573,406          | 2,558,034           | 3,322,582           | 583,220             | 208,554           | 27,245,796           |
| <b>EXPENDITURES:</b>   |                     |                     |                     |                     |                   |                      |
| Current:   |                     |                     |                     |                     |                   |                      |
| Instruction:   |                     |                     |                     |                     |                   |                      |
| Regular  | 7,828,078           | -                   | 164,301             | 240,899             | -                 | 8,233,078            |
| Special  | 2,880,011           | -                   | -                   | 6,812               | -                 | 2,886,823            |
| Other  | 2,255,747           | -                   | -                   | -                   | 230,958           | 2,486,705            |
|  | 12,943,836          | -                   | 164,301             | 247,711             | 230,958           | 13,586,406           |
| Support services:  |                     |                     |                     |                     |                   |                      |
| Student  | 823,111             | -                   | -                   | -                   | -                 | 823,111              |
| Instructional staff  | 1,454,672           | -                   | -                   | -                   | -                 | 1,454,672            |
| Technology   | -                   | -                   | 283,290             | -                   | -                 | 283,290              |
| Administration   | 1,743,080           | -                   | 57,460              | 36,385              | -                 | 1,836,925            |
| Operation and maintenance of plant                           | 1,834,416           | -                   | 121,547             | 184,968             | -                 | 2,120,931            |
| Transportation   | 840,237             | -                   | 210,277             | 45,132              | -                 | 1,095,646            |
|  | 6,695,516           | -                   | 672,574             | 246,485             | -                 | 7,614,575            |
| Other expenditures:  |                     |                     |                     |                     |                   |                      |
| Facilities acquisition                                       | -                   | -                   | 3,878,611           | -                   | -                 | 3,878,611            |
| Long-term debt:  |                     |                     |                     |                     |                   |                      |
| Principal  | -                   | 2,510,000           | -                   | -                   | -                 | 2,510,000            |
| Interest   | -                   | 970,822             | -                   | -                   | -                 | 970,822              |
| Fiscal charges   | -                   | 2,400               | 1,600               | -                   | -                 | 4,000                |
| AEA flow through   | 771,339             | -                   | -                   | -                   | -                 | 771,339              |
| Total expenditures   | 20,410,691          | 3,483,222           | 4,717,086           | 493,796             | 230,958           | 29,335,753           |
| Excess (deficiency) of revenues over<br>(under) expenditures | 162,715             | (925,188)           | (1,394,504)         | 89,424              | (22,404)          | (2,089,957)          |
| Other financing sources (uses):                              |                     |                     |                     |                     |                   |                      |
| Proceeds from sale of assets                                 | 23,263              | -                   | 100                 | -                   | -                 | 23,363               |
| Operating transfers in                                       | -                   | 1,014,135           | -                   | -                   | 8,408             | 1,022,543            |
| Operating transfers out                                      | (8,408)             | -                   | (1,014,135)         | -                   | -                 | (1,022,543)          |
| Total other financing sources (uses)                         | 14,855              | 1,014,135           | (1,014,035)         | -                   | 8,408             | 23,363               |
| Change in fund balances                                      | 177,570             | 88,947              | (2,408,539)         | 89,424              | (13,996)          | (2,066,594)          |
| <b>FUND BALANCES - Beginning of year</b>                     | <b>3,244,687</b>    | <b>1,452,474</b>    | <b>5,636,612</b>    | <b>2,298,978</b>    | <b>200,335</b>    | <b>12,833,086</b>    |
| <b>FUND BALANCES - End of year</b>                           | <b>\$ 3,422,257</b> | <b>\$ 1,541,421</b> | <b>\$ 3,228,073</b> | <b>\$ 2,388,402</b> | <b>\$ 186,339</b> | <b>\$ 10,768,492</b> |

WINTERSET COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,066,594)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, loss on disposal of capital assets and depreciation expense in the current year is as follows:

|                                    |                  |           |
|------------------------------------|------------------|-----------|
| Capital outlay                     | \$ 2,642,093     |           |
| Depreciation expense               | (2,480,019)      |           |
| Loss on disposal of capital assets | <u>(386,168)</u> | (224,094) |

Proceeds from issuing long-term liabilities provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. The amounts of long-term liabilities issued and repaid and amortization of deferred change, discounts and premiums are as follows:

|  |                 |           |
|--|-----------------|-----------|
| Repaid                                       | 2,510,000       |           |
| Amortization of deferred charge on refunding | (47,779)        |           |
| Amortization of premiums and discounts       | <u>(10,122)</u> | 2,452,099 |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

20,044

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position.

1,153,357

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

|                               |                 |                    |
|-------------------------------|-----------------|--------------------|
| Early retirement              | 39,852          |                    |
| Compensated absences          | (3,808)         |                    |
| Pension expense               | (1,434,135)     |                    |
| Other postemployment benefits | <u>(34,427)</u> | <u>(1,432,518)</u> |

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (97,706)

## WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2021

|   |                    | Non-major<br>Enterprise<br>Fund |
|---|--------------------|---------------------------------|
| <u>ASSETS:</u>                                |                    |                                 |
| Current assets:                               |                    |                                 |
| Cash, cash equivalents and pooled investments | \$                 | 524,849                         |
| Receivables:                                  |                    |                                 |
| Accounts                                      |                    | 62                              |
| Due from other governments                    |                    | 22,291                          |
| Inventories                                   |                    | 6,292                           |
| Total current assets                          |                    | 553,494                         |
| Noncurrent assets:                            |                    |                                 |
| Property and equipment:                       |                    |                                 |
| Machinery and equipment                       |                    | 457,871                         |
| Accumulated depreciation                      |                    | (125,005)                       |
| Total noncurrent assets                       |                    | 332,866                         |
|   | TOTAL ASSETS       | 886,360                         |
| <u>LIABILITIES:</u>                           |                    |                                 |
| Current liabilities:                          |                    |                                 |
| Accounts payable                              |                    | 16,409                          |
| Advances from prepaid lunches                 |                    | 33,826                          |
|   | TOTAL LIABILITIES  | 50,235                          |
| <u>NET POSITION:</u>                          |                    |                                 |
| Net investment in capital assets              |                    | 332,866                         |
| Unrestricted                                  |                    | 503,259                         |
|   | TOTAL NET POSITION | \$ 836,125                      |



WINTERSET COMMUNITY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITIONPROPRIETARY FUND  
YEAR ENDED JUNE 30, 2021

|  | <u>Non-major<br/>Enterprise<br/>Fund</u> |
|--|--|
| Operating revenue:                       |  |
| Local sources:                           |  |
| Other local sources:                     |  |
| Food service sales                       | \$ 33,965                                |
| Total operating revenues                 | <u>33,965</u>                            |
| Operating expenses:                      |  |
| Non-instructional programs:              |  |
| Food services operations:                |  |
| Services                                 | 216,726                                  |
| Supplies                                 | 437,297                                  |
| Depreciation                             | <u>31,878</u>                            |
| Total non-instructional programs         | <u>685,901</u>                           |
| Total operating expenses                 | <u>685,901</u>                           |
| Operating loss                           | <u>(651,936)</u>                         |
| Non-operating revenues:                  |  |
| Interest on investments                  | 104                                      |
| Contributions                            | 3,627                                    |
| Loss on sale of Assets                   | (8,761)                                  |
| State lunch and breakfast program claims | 6,576                                    |
| National school lunch program            | 769,543                                  |
| Commodities                              | <u>60,227</u>                            |
| Total non-operating revenues             | <u>831,316</u>                           |
| Change in net position                   | 179,380                                  |
| <u>NET POSITION</u> - Beginning of year  | <u>656,745</u>                           |
| <u>NET POSITION</u> - End of year        | \$ <u>836,125</u>                        |

WINTERSET COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2021

|   | <u>Non-major<br/>Enterprise<br/>Fund</u> |
|---|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>                                      |  |
| Cash received from sale of lunches and breakfasts                                 | \$ 33,965                                |
| Cash payments to suppliers for goods and services                                 | (542,425)                                |
| Net cash used by operating activities   | <u>(508,460)</u>                         |
| <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>                          |  |
| Contributions received  | 3,627                                    |
| State grants received   | 6,576                                    |
| Federal grants received   | 766,076                                  |
| Net cash provided by non-capital financing activities                             | <u>776,279</u>                           |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>                  |  |
| Proceeds from sale of capital assets  | (347,937)                                |
| Acquisition of capital assets   | 4,911                                    |
| Net cash used by capital and related financing activities                         | <u>(343,026)</u>                         |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>                                      |  |
| Interest on investments   | 104                                      |
| Net decrease in cash, cash equivalents and pooled investments                     | (75,103)                                 |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - beginning of year</u>          | <u>599,952</u>                           |
| <u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - end of year</u>                | <u>\$ 524,849</u>                        |
| <u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</u> |  |
| Operating loss  | \$ (651,936)                             |
| Adjustments to reconcile operating loss to net cash used by operating activities: |  |
| Commodities used  | 60,227                                   |
| Depreciation  | 31,878                                   |
| Loss on sale of capital assets  | 8,761                                    |
| Decrease in accounts receivable   | 15,970                                   |
| Decrease in inventories   | 1,733                                    |
| Decrease in prepaids  | 17,862                                   |
| Increase in accounts payable  | 7,648                                    |
| Decrease in advances from prepaid lunches   | (603)                                    |
| Net cash used by operating activities   | <u>\$ (508,460)</u>                      |
| <u>NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</u>              |  |

During the year ended June 30, 2021, the District received \$60,227 of federal commodities.

## WINTERSET COMMUNITY SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2021

|   | Private<br>Purpose<br>Trust<br>Scholarship | Custodial        |
|---|--|------------------|
| <b><u>ASSETS:</u></b>                               |  |                  |
| Current assets:                                     |  |                  |
| Cash, cash equivalents and pooled investments       | \$ 303,940                                 | \$ 60,665        |
| Total assets  | <u>303,940</u>                             | <u>60,665</u>    |
| <b><u>LIABILITIES:</u></b>                          |  |                  |
| None  | <u>-</u>                                   | <u>-</u>         |
| <b><u>NET POSITION:</u></b>                         |  |                  |
| Restricted for scholarships and other organizations | <u>303,940</u>                             | <u>60,665</u>    |
| Total net position                                  | \$ <u>303,940</u>                          | \$ <u>60,665</u> |

WINTERSET COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2021

|                                  | <u>Private<br/>Purpose<br/>Trust<br/>Scholarship</u> | <u>Custodial</u> |
|----------------------------------|--|------------------|
| Additions:                       |  |                  |
| Local sources:                   |  |                  |
| Interest income                  | \$ 887   | \$ 25            |
| Donations                        | <u>14,650</u>  | <u>876</u>       |
| Total additions                  | <u>15,537</u>  | <u>901</u>       |
| Deductions:                      |  |                  |
| Salaries                         | -  | 143              |
| Benefits                         | -  | 23               |
| Services                         | -  | 11,063           |
| Scholarships                     | <u>22,300</u>  | <u>-</u>         |
|                                  | <u>22,300</u>  | <u>11,229</u>    |
| Change in net position           | (6,763)  | (10,328)         |
| NET POSITION - beginning of year | <u>310,703</u>                                       | <u>70,993</u>    |
| NET POSITION - end of year       | \$ <u>303,940</u>                                    | \$ <u>60,665</u> |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Winterset Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Winterset, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Winterset Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Winterset Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Madison County Assessor's Conference Board.

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Management Fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds that focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments.

Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balances and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost. For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on the January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

Due from Other Governments – Due from other governments represent amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Capital Assets (Continued)

| <u>Asset Class</u>                | <u>Amount</u> |
|-----------------------------------|---------------|
| Land                              | \$ 5,000      |
| Buildings                         | 5,000         |
| Improvements other than buildings | 5,000         |
| Furniture and equipment:          |               |
| School Nutrition Fund equipment   | 500           |
| Other furniture and equipment     | 5,000         |

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u>                | <u>Estimated Useful Lives</u> |
|-----------------------------------|-------------------------------|
| Buildings                         | 50 years                      |
| Improvements other than buildings | 20-50 years                   |
| Furniture and equipment           | 5-15 years                    |

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, contributions from the District after the measurement date but before the end of the District's reporting period and the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances – Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid lunch money.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities and business type activities columns in the Statement of Net Position.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Winterset Community School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, and the unrecognized items not yet charged to pension and OPEB expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2: CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The District's deposits in banks on June 30, 2021, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2021, the District had investments as follows:

|  |    |                  |
|--|----|------------------|
| Farmers & Merchants State Bank Certificates of Deposit | \$ | 1,000,000        |
| Iowa Schools Joint Investment Trust Direct             |    |                  |
| Government Obligations Portfolio (amortized cost)      |    | <u>8,253,640</u> |
|  | \$ | <u>9,253,640</u> |

At June 30, 2021, the District had investments in the Iowa School Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated Aaa by Standard & Poor's Financial Services.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021, is as follows:

| <u>Transfer to</u> | <u>Transfer from</u>      | <u>Amount</u>       |
|--------------------|---------------------------|---------------------|
|                    | Capital Projects:         |                     |
|                    | Statewide Sales, Services |                     |
| Debt Service       | and Use Tax               | \$ <u>1,014,135</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2021 was as follows:

|  | Balance<br>Beginning<br>of Year | Increases            | Decreases            | Balance<br>End<br>of Year |
|--|---------------------------------|----------------------|----------------------|---------------------------|
| Governmental activities:                     |                                 |                      |                      |                           |
| Capital assets not being depreciated:        |                                 |                      |                      |                           |
| Land   | \$ 969,851                      | \$ -                 | \$ -                 | \$ 969,851                |
| Construction in progress                     | <u>18,830,843</u>               | <u>-</u>             | <u>18,830,843</u>    | <u>-</u>                  |
| Total capital assets not being depreciated   | <u>19,800,694</u>               | <u>-</u>             | <u>18,830,843</u>    | <u>969,851</u>            |
| Capital assets being depreciated:            |                                 |                      |                      |                           |
| Buildings                                    | 34,480,178                      | 18,757,397           | 1,108,384            | 52,129,191                |
| Land improvements                            | 1,716,635                       | 2,399,863            | -                    | 4,116,498                 |
| Machinery and equipment                      | <u>4,108,857</u>                | <u>315,676</u>       | <u>178,259</u>       | <u>4,246,274</u>          |
| Total capital assets being depreciated       | <u>40,305,670</u>               | <u>21,472,936</u>    | <u>1,286,643</u>     | <u>60,491,963</u>         |
| Less accumulated depreciation for:           |                                 |                      |                      |                           |
| Buildings                                    | 12,388,771                      | 1,894,417            | 722,216              | 13,560,972                |
| Land improvements                            | 879,819                         | 211,014              | -                    | 1,090,833                 |
| Machinery and equipment                      | <u>3,390,137</u>                | <u>374,588</u>       | <u>178,259</u>       | <u>3,586,466</u>          |
| Total accumulated depreciation               | <u>16,658,727</u>               | <u>2,480,019</u>     | <u>900,475</u>       | <u>18,238,271</u>         |
| Total capital assets being depreciated, net  | <u>23,646,843</u>               | <u>18,992,917</u>    | <u>386,168</u>       | <u>42,253,692</u>         |
| Governmental activities capital assets, net  | \$ <u>43,447,637</u>            | \$ <u>18,992,917</u> | \$ <u>19,217,011</u> | \$ <u>43,223,543</u>      |
| Business type activities:                    |                                 |                      |                      |                           |
| Machinery and equipment                      | \$ 310,789                      | \$ 347,937           | \$ 200,856           | \$ 457,871                |
| Less accumulated depreciation                | <u>280,311</u>                  | <u>31,878</u>        | <u>187,184</u>       | <u>125,005</u>            |
| Business-type activities capital assets, net | \$ <u>30,478</u>                | \$ <u>316,059</u>    | \$ <u>13,672</u>     | \$ <u>332,866</u>         |

Depreciation/amortization expense was charged to the following functions:

|  |                     |
|--|---------------------|
| Governmental activities:                           |                     |
| Instruction:                                       |                     |
| Regular  | \$ 276,479          |
| Support services:                                  |                     |
| Administration                                     | 40,845              |
| Operation and maintenance of plant                 | 82,570              |
| Transportation                                     | 278,909             |
| Unallocated  | <u>1,801,216</u>    |
| Total governmental activities depreciation expense | \$ <u>2,480,019</u> |
| Business type activities:                          |                     |
| Food services                                      | \$ <u>31,878</u>    |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**NOTE 5: LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2021, are summarized as follows:

|                          | Balance<br>Beginning<br>of Year | Additions           | Reductions          | Balance<br>End<br>of Year | Due<br>Within<br>One Year |
|--------------------------|---------------------------------|---------------------|---------------------|---------------------------|---------------------------|
| Governmental activities: |                                 |                     |                     |                           |                           |
| General obligation bonds | \$ 22,755,000                   | \$ -                | \$ 1,685,000        | \$ 21,070,000             | \$ 965,000                |
| Revenue bonds            | 7,040,000                       | -                   | 825,000             | 6,215,000                 | 850,000                   |
| Early retirement         | 112,952                         | -                   | 39,853              | 73,099                    | 27,226                    |
| Compensated absences     | 77,252                          | 81,059              | 77,252              | 81,059                    | 81,059                    |
| Net pension liability    | 8,996,250                       | 1,545,660           | -                   | 10,541,910                | -                         |
| Total OPEB liability     | <u>866,000</u>                  | <u>47,000</u>       | <u>-</u>            | <u>913,000</u>            | <u>-</u>                  |
| Total                    | \$ <u>39,847,454</u>            | \$ <u>1,673,719</u> | \$ <u>2,627,105</u> | \$ <u>38,894,068</u>      | \$ <u>1,923,285</u>       |

General Obligation Bonds

Details of the District's June 30, 2021 general obligation bonded indebtedness are as follows:

| Year<br>Ending<br>June 30, | <u>Bond Issue of July 1, 2008</u>  |                     |                     |                      | <u>Bond Issue of November 1, 2009</u> |                     |                     |                      |
|----------------------------|------------------------------------|---------------------|---------------------|----------------------|---------------------------------------|---------------------|---------------------|----------------------|
|                            | Interest<br>Rate                   | Principal           | Interest            | Total                | Interest<br>Rate                      | Principal           | Interest            | Total                |
| 2022                       | 3.90%                              | \$ 525,000          | \$ 83,638           | \$ 608,638           | 4.05%                                 | \$ 170,000          | \$ 21,760           | \$ 191,760           |
| 2023                       | 3.95                               | 545,000             | 63,162              | 608,162              | 4.05                                  | 180,000             | 14,876              | 194,876              |
| 2024                       | 4.00                               | 565,000             | 41,636              | 606,636              | 4.10                                  | 185,000             | 7,586               | 192,586              |
| 2025                       | 4.05                               | <u>470,000</u>      | <u>19,036</u>       | <u>489,036</u>       | 4.10                                  | <u>-</u>            | <u>-</u>            | <u>-</u>             |
|                            |                                    | \$ <u>2,105,000</u> | \$ <u>207,472</u>   | \$ <u>2,312,472</u>  |                                       | \$ <u>535,000</u>   | \$ <u>44,222</u>    | \$ <u>579,222</u>    |
|                            |                                    |                     |                     |                      |                                       |                     |                     |                      |
| Year<br>Ending<br>June 30, | <u>Bond Issue of July 24, 2018</u> |                     |                     |                      | <u>Bond Issue of January 3, 2019</u>  |                     |                     |                      |
|                            | Interest<br>Rate                   | Principal           | Interest            | Total                | Interest<br>Rate                      | Principal           | Interest            | Total                |
| 2022                       | 3.00%                              | \$ 100,000          | \$ 294,660          | \$ 394,660           | 5.00%                                 | \$ 170,000          | \$ 326,836          | \$ 496,836           |
| 2023                       | 3.00                               | 100,000             | 291,660             | 391,660              | 5.00                                  | 180,000             | 318,336             | 498,336              |
| 2024                       | 3.00                               | 100,000             | 288,660             | 388,660              | 5.00                                  | 195,000             | 309,336             | 504,336              |
| 2025                       | 3.00                               | 100,000             | 285,660             | 385,660              | 5.00                                  | 205,000             | 299,586             | 504,586              |
| 2026                       | 3.00                               | 100,000             | 282,660             | 382,660              | 3.00                                  | 530,000             | 289,336             | 819,336              |
| 2027-2031                  | 3.00                               | 1,945,000           | 1,160,520           | 3,105,520            | 3.00                                  | 4,080,000           | 914,458             | 4,994,458            |
| 2032-2036                  | 3.00                               | 4,480,000           | 842,860             | 5,322,860            | 3.00                                  | 2,850,000           | 515,875             | 3,365,875            |
| 2037-2038                  | 3.00                               | <u>2,000,000</u>    | <u>106,020</u>      | <u>2,106,020</u>     | 3.00                                  | <u>1,295,000</u>    | <u>72,580</u>       | <u>1,367,580</u>     |
|                            |                                    | \$ <u>8,925,000</u> | \$ <u>3,552,700</u> | \$ <u>12,477,700</u> |                                       | \$ <u>9,505,000</u> | \$ <u>3,046,343</u> | \$ <u>12,551,343</u> |
|                            |                                    | <u>Total</u>        |                     |                      |                                       |                     |                     |                      |
| Year<br>Ending<br>June 30, |                                    |                     |                     |                      |                                       |                     |                     |                      |
|                            |                                    | Principal           | Interest            | Total                |                                       |                     |                     |                      |
| 2022                       | \$                                 | 965,000             | \$ 726,894          | \$ 1,691,894         |                                       |                     |                     |                      |
| 2023                       |                                    | 1,005,000           | 688,034             | 1,693,034            |                                       |                     |                     |                      |
| 2024                       |                                    | 1,045,000           | 647,218             | 1,692,218            |                                       |                     |                     |                      |
| 2025                       |                                    | 775,000             | 604,282             | 1,379,282            |                                       |                     |                     |                      |
| 2026                       |                                    | 630,000             | 571,996             | 1,201,996            |                                       |                     |                     |                      |
| 2027-2031                  |                                    | 6,025,000           | 2,074,978           | 8,099,978            |                                       |                     |                     |                      |
| 2032-2036                  |                                    | 7,330,000           | 1,358,735           | 8,688,735            |                                       |                     |                     |                      |
| 2037-2038                  |                                    | <u>3,295,000</u>    | <u>178,600</u>      | <u>3,473,600</u>     |                                       |                     |                     |                      |
|                            | \$                                 | <u>21,070,000</u>   | \$ <u>6,850,737</u> | \$ <u>27,920,737</u> |                                       |                     |                     |                      |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5: LONG-TERM LIABILITIES (Continued)

Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of June 27, 2017

| <u>Year<br/>Ending<br/>June 30,</u> | <u>Interest<br/>Rate</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------------------------------|--------------------------|---------------------|-------------------|---------------------|
| 2022                                | 2.22%                    | \$ 375,000          | \$ 77,423         | \$ 452,423          |
| 2023                                | 2.22                     | 380,000             | 69,042            | 449,042             |
| 2024                                | 2.22                     | 390,000             | 60,495            | 450,495             |
| 2025                                | 2.22                     | 400,000             | 51,726            | 451,726             |
| 2026                                | 2.22                     | 410,000             | 42,735            | 452,735             |
| 2027-2030                           | 2.22                     | <u>1,720,000</u>    | <u>77,478</u>     | <u>1,797,478</u>    |
|                                     |                          | \$ <u>3,675,000</u> | \$ <u>378,899</u> | \$ <u>4,053,899</u> |

Bond Issue of June 25, 2019

| <u>Year<br/>Ending<br/>June 30,</u> | <u>Interest<br/>Rate</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------------------------------|--------------------------|---------------------|-------------------|---------------------|
| 2022                                | 3.25%                    | \$ 475,000          | \$ 74,831         | \$ 549,831          |
| 2023                                | 3.25                     | 490,000             | 59,150            | 549,150             |
| 2024                                | 3.25                     | 510,000             | 42,901            | 552,901             |
| 2025                                | 3.25                     | 525,000             | 26,081            | 551,081             |
| 2026                                | 3.25                     | <u>540,000</u>      | <u>8,775</u>      | <u>548,775</u>      |
|                                     |                          | \$ <u>2,540,000</u> | \$ <u>211,738</u> | \$ <u>2,751,738</u> |

Total

| <u>Year<br/>Ending<br/>June 30,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2022                                | \$ 850,000          | \$ 152,254        | \$ 1,002,254        |
| 2023                                | 870,000             | 128,192           | 998,192             |
| 2024                                | 900,000             | 103,396           | 1,003,396           |
| 2025                                | 925,000             | 77,807            | 1,002,807           |
| 2026                                | 950,000             | 51,510            | 1,001,510           |
| 2027-2030                           | <u>1,720,000</u>    | <u>77,478</u>     | <u>1,797,478</u>    |
|                                     | \$ <u>6,215,000</u> | \$ <u>590,637</u> | \$ <u>6,805,637</u> |

Advanced Refunding June 27, 2017

On June 27, 2017, the District issued \$4,750,000 in revenue refunding bonds with an interest rate of 2.22%. The District issued the bonds to advance refund \$5,095,000 of outstanding revenue bonds dated November 1, 2009 with interest rates ranging between 3% and 4.75%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, that portion of the 2009 series bonds is considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$3,950,000 as of June 30, 2021. The advance refunding reduced total debt service payments over 12 years by \$447,003.

The District has pledged statewide sales, services and use tax revenues to repay the \$7,750,000 bonds issued in June 2017 and June 2019. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$6,805,637. For the current year, \$825,000 of principal and \$175,662 of interest was paid on the bonds.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**NOTE 5: LONG-TERM LIABILITIES** (Continued)

Advanced Refunding June 27, 2017 (Continued)

Total statewide sales, services and use tax revenues were \$1,724,904.

Early Retirement

The District offered a voluntary early retirement plan to its certified and confidential employees during fiscal year 2021. Eligible employees were at least 55 years old on June 30 and employees had completed 10 years of continuous service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive offered in fiscal year 2021 for each eligible employee was equal to 50% of the employee's salary calculated by using the salary in effect the last year of the employee's employment with the school district. Early retirement benefits were paid by the Special Revenue, Management Levy Fund.

At June 30, 2021 the District has obligations to 5 participants with a total liability of \$73,099. Actual early retirement expenditures for the year ended June 30, 2021, totaled \$39,853.

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 11         |
| Active employees   | <u>246</u> |
| Total  | <u>257</u> |

Total OPEB Liability – The District's total OPEB liability of \$913,000 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

|   |   |
|---|---|
| Rate of inflation<br>(effective June 30, 2021)          | 2.21% per annum.  |
| Rates of salary increase<br>(effective June 30, 2021)   | 3.50% per annum,<br>including inflation.  |
| Discount rate<br>(effective June 30, 2021)              | 2.16% compounded annually,<br>including inflation.                              |
| Healthcare cost trend rate<br>(effective June 30, 2021) | 5.50% initial rate decreasing by 0.5%<br>annually to an ultimate rate of 4.50%. |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Discount Rate** – The discount rate used to measure the total OPEB liability was 2.16% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

|  | <u>Total OPEB<br/>Liability</u> |
|--|---------------------------------|
| Total OPEB liability beginning of year | \$ 866,000                      |
| Changes for the year:                  |                                 |
| Service cost                           | 100,689                         |
| Interest cost                          | 20,508                          |
| Change in assumptions or other inputs  | 3,142                           |
| Benefit payments                       | <u>(77,339)</u>                 |
| Net changes                            | <u>47,000</u>                   |
| Total OPEB liability end of year       | \$ <u>913,000</u>               |

Changes of assumptions reflect a change in the discount rate from 2.21% in fiscal year 2020 to 2.16% in fiscal year 2021.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current discount rate.

|                      | 1%<br>Decrease<br><u>(1.16%)</u> | Discount<br>Rate<br><u>(2.16%)</u> | 1%<br>Increase<br><u>(3.16%)</u> |
|----------------------|----------------------------------|------------------------------------|----------------------------------|
| Total OPEB liability | \$ 985,000                       | \$ 913,000                         | \$ 847,000                       |

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1% lower (4.50%) or 1% higher (6.50%) than the current healthcare cost trend rates.

|                      | 1%<br>Decrease<br><u>(4.50%)</u> | Healthcare<br>Cost Trend<br>Rate<br><u>(5.50%)</u> | 1%<br>Increase<br><u>(6.50%)</u> |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 812,000                       | \$ 913,000   | \$ 1,034,000                     |



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$(111,967). At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following resources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ -                                      | \$ (211,928)                             |
| Change of assumptions                              | <u>66,219</u>                             | <u>(13,414)</u>                          |
| Total  | \$ <u>66,219</u>                          | \$ <u>(225,342)</u>                      |

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized as an offset to OPEB expense as follows:

| <u>Year Ended<br/>June 30,</u> |                     |
|--------------------------------|---------------------|
| 2022                           | \$ (9,230)          |
| 2023                           | (9,230)             |
| 2024                           | (9,230)             |
| 2025                           | (9,230)             |
| 2026                           | (9,230)             |
| Thereafter                     | <u>(112,973)</u>    |
|                                | \$ <u>(159,123)</u> |

**NOTE 7: PENSION PLAN – IPERS**

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.



WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**NOTE 7: PENSION PLAN – IPERS (Continued)**

Pension Benefits (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits are eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2021 totaled \$1,153,357.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$10,541,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was .151122 percent, which was a decrease of .0031991 percent from its proportion measured as of June 30, 2019.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$1,434,135. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 11,646                                 | \$ 249,870                               |
| Changes of assumptions   | 541,113                                   | -  |
| Net difference between projected and actual earnings on IPERS' investments   | 592,623                                   | -  |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | -   | 340,368                                  |
| District contributions subsequent to the measurement date  | <u>1,153,357</u>                          | <u>-</u>                                 |
| Total  | \$ <u>2,298,739</u>                       | \$ <u>590,238</u>                        |

\$1,153,357 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended<br/>June 30,</u> | <u>Total</u>      |
|--------------------------------|-------------------|
| 2022                           | \$ 11,438         |
| 2023                           | 116,994           |
| 2024                           | 146,011           |
| 2025                           | 301,266           |
| 2026                           | <u>(20,568)</u>   |
|                                | \$ <u>555,142</u> |

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

|  |  |
|--|--|
| Rate of Inflation<br>(effective June 30, 2017)                   | 2.60% per annum.   |
| Rates of salary increase<br>(effective June 30, 2017)            | 3.25% to 16.25% average, including inflation.<br>Rates vary by membership group. |
| Long-term investment rate of return<br>(effective June 30, 2017) | 7.00% compounded annually, net of investment expense, including inflation.       |
| Wage growth<br>(effective June 30, 2017)                         | 3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.         |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7: PENSION PLAN – IPERS (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>       | <u>Asset Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|--------------------------|-------------------------|---|
| Domestic equity          | 22.0 %                  | 4.43 %  |
| International equity     | 17.5                    | 5.15  |
| Global smart beta equity | 6.0                     | 4.87  |
| Core plus fixed income   | 28.0                    | (0.29)  |
| Public credit            | 4.0                     | 2.29  |
| Cash                     | 1.0                     | (0.78)  |
| Private equity           | 11.0                    | 6.54  |
| Private real assets      | 7.5                     | 4.48  |
| Private credit           | <u>3.0</u>              | 3.11  |
| Total                    | <u>100.0</u> %          |   |

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to currently active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

|   | 1% Decrease<br>(6.00%) | Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|---|------------------------|--------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 17,577,745          | \$ 10,541,910            | \$ 4,646,469           |

IPERS' Fiduciary Net Position – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – At June 30, 2021, the District reported to IPERS of \$101,021 for legally required District contributions and \$67,312 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 8: RISK MANAGEMENT

Winterset Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$771,339 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10: TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax abatements of other entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

| <u>Entity</u>     | <u>Tax abatement program</u>                       | <u>Amount of<br/>tax abated</u> |
|-------------------|--|---------------------------------|
| City of Winterset | Urban renewal and economic<br>development projects | \$ 1,566,613                    |

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2021, this reimbursement amounted to \$197,926.

NOTE 11: CATEGORICAL FUNDING

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The District's ending restricted balances for categorical funding as of June 30, 2021, are comprised of the following programs:

| <u>Program</u>              | <u>Amount</u>     |
|-----------------------------|-------------------|
| Gifted and talented program | \$ 120,415        |
| Professional Development    | <u>47,300</u>     |
| Total                       | \$ <u>167,715</u> |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 12: COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Winterset Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Winterset Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Winterset Community School District.

NOTE 13: PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

NOTE 14: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 10, 2021, the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WINTERSET COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021

|  | Governmental<br>Funds<br><u>Actual</u> | Proprietary<br>Funds<br><u>Actual</u> | Total<br><u>Actual</u> |
|--|--|---------------------------------------|------------------------|
| <u>REVENUES:</u>   |  |                                       |                        |
| Local sources  | \$ 11,975,773                          | \$ 28,935                             | \$ 12,004,708          |
| State sources  | 14,106,139                             | 6,576                                 | 14,112,715             |
| Federal sources  | <u>1,163,884</u>                       | <u>829,770</u>                        | <u>1,993,654</u>       |
| Total revenues   | <u>27,245,796</u>                      | <u>865,281</u>                        | <u>28,111,077</u>      |
| <u>EXPENDITURES/EXPENSES:</u>  |  |                                       |                        |
| Instruction  | 13,586,406                             | -                                     | 13,586,406             |
| Support services   | 7,614,575                              | -                                     | 7,614,575              |
| Non-instructional programs   | -                                      | 685,901                               | 685,901                |
| Other expenditures   | <u>8,134,772</u>                       | <u>-</u>                              | <u>8,134,772</u>       |
| Total expenditures/expenses  | <u>29,335,753</u>                      | <u>685,901</u>                        | <u>30,021,654</u>      |
| Excess (deficiency) of revenues<br>over (under) expenditures/expenses  | (2,089,957)                            | 179,380                               | (1,910,577)            |
| Other financing sources, net   | <u>23,363</u>                          | <u>-</u>                              | <u>23,363</u>          |
| Excess (deficiency) of revenues and other financing sources<br>over (under) expenditures/expenses and other financing uses | (2,066,594)                            | 179,380                               | (1,887,214)            |
| <u>BALANCE</u> - Beginning of year   | <u>12,833,086</u>                      | <u>656,745</u>                        | <u>13,489,831</u>      |
| <u>BALANCE</u> - End of year   | \$ <u>10,766,492</u>                   | \$ <u>836,125</u>                     | \$ <u>11,602,617</u>   |



| <u>Budgeted Amounts</u> |                     | <u>Final to</u>     |
|-------------------------|---------------------|---------------------|
| <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       |
|                         |                     | <u>Variance</u>     |
| \$ 12,233,830           | \$ 12,233,830       | \$ (229,122)        |
| 14,209,152              | 14,209,152          | (96,437)            |
| <u>1,070,000</u>        | <u>1,070,000</u>    | <u>923,654</u>      |
| <u>27,512,982</u>       | <u>27,512,982</u>   | <u>598,095</u>      |
| 13,433,200              | 14,433,200          | 846,794             |
| 7,285,500               | 8,500,000           | 885,425             |
| 810,000                 | 810,000             | 124,099             |
| <u>10,260,491</u>       | <u>10,260,491</u>   | <u>2,125,719</u>    |
| <u>31,789,191</u>       | <u>34,003,691</u>   | <u>3,982,037</u>    |
| (4,276,209)             | (6,490,709)         | 4,580,132           |
| <u>5,000</u>            | <u>5,000</u>        | <u>18,363</u>       |
| (4,271,209)             | (6,485,709)         | 4,598,495           |
| <u>12,996,938</u>       | <u>12,996,938</u>   | <u>492,893</u>      |
| \$ <u>8,725,729</u>     | \$ <u>6,511,229</u> | \$ <u>5,091,388</u> |

WINTERSET COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -  
BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2021

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except for the Private Purpose Trust and Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST SEVEN FISCAL YEARS\*

REQUIRED SUPPLEMENTARY INFORMATION

|   | <u>2021</u>   | <u>2020</u>   |
|---|---------------|---------------|
| District's proportion of the net pension liability  | 0.151122 %    | 0.154321 %    |
| District's proportionate share of the net pension liability   | \$ 10,542,000 | \$ 8,996,000  |
| District's covered-employee payroll   | \$ 11,905,000 | \$ 11,823,000 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 88.55 %       | 76.09 %       |
| IPERS' net position as a percentage of the total pension liability  | 82.90 %       | 85.45 %       |

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as a June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

| <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   |
|---------------|---------------|---------------|---------------|---------------|
| 0.155006 %    | 0.159617 %    | 0.161233 %    | 0.170154 %    | 0.165905 %    |
| \$ 9,806,000  | \$ 10,537,000 | \$ 10,055,000 | \$ 8,459,000  | \$ 6,714,000  |
| \$ 11,642,000 | \$ 11,810,000 | \$ 11,464,000 | \$ 11,727,000 | \$ 11,079,000 |
| 84.23 %       | 89.22 %       | 87.71 %       | 72.13 %       | 60.6 %        |
| 83.62 %       | 82.21 %       | 81.82 %       | 85.19 %       | 87.61 %       |

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

|  | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        |
|--|--------------------|--------------------|--------------------|
| Statutorily required contribution                                  | \$ 1,153,000       | \$ 1,124,000       | \$ 1,116,000       |
| Contributions in relation to the statutorily required contribution | <u>(1,153,000)</u> | <u>(1,124,000)</u> | <u>(1,116,000)</u> |
| Contribution deficiency (excess)                                   | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        |
| District's covered-employee payroll                                | \$ 12,217,000      | \$ 11,905,000      | \$ 11,823,000      |
| Contributions as a percentage of covered-employee payroll          | 9.44 %             | 9.44 %             | 9.44 %             |

| <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      |
|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|
| \$ 1,040,000       | \$ 1,055,000       | \$ 1,024,000       | \$ 1,047,000       | \$ 989,000       | \$ 961,000       | \$ 878,000       |
| <u>(1,040,000)</u> | <u>(1,055,000)</u> | <u>(1,024,000)</u> | <u>(1,047,000)</u> | <u>(989,000)</u> | <u>(961,000)</u> | <u>(878,000)</u> |
| \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>        | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>-</u>      |
| \$ 11,642,000      | \$ 11,810,000      | \$ 11,464,000      | \$ 11,727,000      | \$ 11,079,000    | \$ 11,085,000    | \$ 10,878,000    |
| 8.93 %             | 8.93 %             | 8.93 %             | 8.93 %             | 8.93 %           | 8.67 %           | 8.07 %           |

WINTERSET COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST FOUR YEARS

REQUIRED SUPPLEMENTARY INFORMATION

|   | <u>2021</u>       |    | <u>2020</u>       |    | <u>2019</u>       |    | <u>2018</u>       |
|---|-------------------|----|-------------------|----|-------------------|----|-------------------|
| Service cost  | \$ 100,689        | \$ | 96,658            | \$ | 88,480            | \$ | 85,183            |
| Interest cost   | 20,508            |    | 36,756            |    | 36,678            |    | 34,752            |
| Difference between expected and actual experiences                    | -                 |    | (236,950)         |    | -                 |    | -                 |
| Changes in assumptions  | 3,142             |    | 47,213            |    | 27,480            |    | (19,545)          |
| Benefit payments  | <u>(77,339)</u>   |    | <u>(62,247)</u>   |    | <u>(54,678)</u>   |    | <u>(53,074)</u>   |
| Net change in total OPEB liability                                    | 47,000            |    | (118,570)         |    | 97,960            |    | 47,316            |
| Total OPEB liability, beginning of year                               | <u>866,000</u>    |    | <u>984,570</u>    |    | <u>886,610</u>    |    | <u>839,294</u>    |
| Total OPEB liability, end of year                                     | \$ <u>913,000</u> | \$ | \$ <u>866,000</u> | \$ | \$ <u>984,570</u> | \$ | \$ <u>886,610</u> |
|   |                   |    |                   |    |                   |    |                   |
| Covered-employee payroll  | \$ 11,122,000     | \$ | 10,798,185        | \$ | 11,758,879        | \$ | 11,575,212        |
|   |                   |    |                   |    |                   |    |                   |
| Total OPEB liability as a percentage of<br>covered - employee payroll | 8.21%             |    | 8.02%             |    | 8.37%             |    | 7.66%             |

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

|                          |       |
|--------------------------|-------|
| Year ended June 30, 2021 | 2.16% |
| Year ended June 30, 2020 | 2.21% |
| Year ended June 30, 2019 | 3.50% |
| Year ended June 30, 2018 | 3.87% |
| Year ended June 30, 2017 | 3.58% |

SUPPLEMENTARY INFORMATION

WINTERSET COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND  
JUNE 30, 2021

|   | <u>Special Revenue</u> |
|---|------------------------|
|   | Student<br>Activity    |
| <u>ASSETS</u>                                 |                        |
| Cash, cash equivalents and pooled investments | \$ 195,554             |
| Prepaid expenses                              | 350                    |
| Receivables:                                  |                        |
| Accounts                                      | <u>3,468</u>           |
| TOTAL ASSETS                                  | \$ <u>199,372</u>      |
| <u>LIABILITIES AND FUND BALANCES</u>          |                        |
| <u>LIABILITIES:</u>                           |                        |
| Accounts payable                              | \$ <u>13,033</u>       |
| Total liabilities                             | <u>13,033</u>          |
| <u>FUND BALANCES:</u>                         |                        |
| Nonspendable for:                             |                        |
| Prepaid expenses                              | 350                    |
| Restricted for:                               |                        |
| Student activities                            | <u>185,989</u>         |
| Total fund balances                           | <u>186,339</u>         |
| TOTAL LIABILITIES AND FUND BALANCES           | \$ <u>199,372</u>      |

SCHEDULE 2

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2021

|   | <u>Special Revenue</u>            |
|---|-----------------------------------|
|   | <u>Student</u><br><u>Activity</u> |
| <u>REVENUES:</u>                          |                                   |
| Local sources:                            |                                   |
| Other                                     | \$ <u>208,554</u>                 |
| Total revenues                            | <u>208,554</u>                    |
| <u>EXPENDITURES:</u>                      |                                   |
| Current:                                  |                                   |
| Instruction:                              |                                   |
| Other                                     | <u>230,958</u>                    |
| Total expenditures                        | <u>230,958</u>                    |
| Deficiency of revenues under expenditures | <u>(22,404)</u>                   |
| Other financing sources:                  |                                   |
| Operating transfers in                    | <u>8,408</u>                      |
| Change in fund balances                   | <u>(13,996)</u>                   |
| <u>FUND BALANCES</u> - Beginning of year  | <u>200,335</u>                    |
| <u>FUND BALANCES</u> - End of year        | \$ <u>186,339</u>                 |

## WINTERSET COMMUNITY SCHOOL DISTRICT

## COMBINING BALANCE SHEET

## CAPITAL PROJECT FUNDS

JUNE 30, 2021

|   | Statewide<br>Sales,<br>Service and<br>Use Tax | Physical<br>Plant and<br>Equipment<br>Levy | Total<br>Capital<br>Project<br>Funds |
|---|---|--|--------------------------------------|
| <u>ASSETS</u>   |   |  |                                      |
| Cash, cash equivalents and pooled investments                                 | \$ 1,439,981                                  | \$ 1,649,527                               | \$ 3,089,508                         |
| Receivables:  |   |  |                                      |
| Property tax:   |   |  |                                      |
| Delinquent  | -   | 8,826                                      | 8,826                                |
| Succeeding year   | -   | 1,076,022                                  | 1,076,022                            |
| Due from other governments  | 144,421                                       | 18   | 144,439                              |
| Deposits  | -   | 10,000                                     | 10,000                               |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,584,402</b>                           | <b>\$ 2,744,393</b>                        | <b>\$ 4,328,795</b>                  |
| <u>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</u>       |   |  |                                      |
| <u>LIABILITIES:</u>   |   |  |                                      |
| Accounts payable  | \$ 15,700                                     | \$ 9,000                                   | \$ 24,700                            |
| Total liabilities   | 15,700  | 9,000                                      | 24,700                               |
| <u>DEFERRED INFLOWS OF RESOURCES:</u>   |   |  |                                      |
| Unavailable revenues:   |   |  |                                      |
| Succeeding year property tax  | -   | 1,076,022                                  | 1,076,022                            |
| <u>FUND BALANCES:</u>   |   |  |                                      |
| Restricted for:   |   |  |                                      |
| School infrastructure   | 1,568,702                                     | -  | 1,568,702                            |
| Physical plant and equipment  | -   | 1,659,371                                  | 1,659,371                            |
| Total fund balances   | 1,568,702                                     | 1,659,371                                  | 3,228,073                            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,584,402</b>                           | <b>\$ 2,744,393</b>                        | <b>\$ 4,328,795</b>                  |

WINTERSET COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS  
YEAR ENDED JUNE 30, 2021

|  | Statewide<br>Sales,<br>Service and<br>Use Tax | Physical<br>Plant and<br>Equipment<br>Levy | Other<br>Capital Projects | Total<br>Capital<br>Project<br>Funds |
|--|---|--|---------------------------|--------------------------------------|
| <u>REVENUES:</u>   |   |  |                           |                                      |
| Local sources:   |   |  |                           |                                      |
| Local tax  | \$ -  | \$ 1,039,968                               | \$ -                      | \$ 1,039,968                         |
| Other  | 227   | 541,892                                    | 2                         | 542,121                              |
| State sources  | 1,724,904                                     | 15,589                                     | -                         | 1,740,493                            |
| Total revenues   | <u>1,725,131</u>                              | <u>1,597,449</u>                           | <u>2</u>                  | <u>3,322,582</u>                     |
| <u>EXPENDITURES:</u>   |   |  |                           |                                      |
| Instruction:   |   |  |                           |                                      |
| Regular  | -   | 164,301                                    | -                         | 164,301                              |
| Support services:  |   |  |                           |                                      |
| Technology   | 172,339                                       | 110,951                                    | -                         | 283,290                              |
| Administration   | -   | 57,460                                     | -                         | 57,460                               |
| Operation and maintenance of plant                           | -   | 121,547                                    | -                         | 121,547                              |
| Transportation   | 200,274                                       | 10,003                                     | -                         | 210,277                              |
| Other expenditures:  |   |  |                           |                                      |
| Facilities acquisition                                       | 2,870,458                                     | 723,049                                    | 285,104                   | 3,878,611                            |
| Debt service   | 1,600   | -  | -                         | 1,600                                |
| Total expenditures   | <u>3,244,671</u>                              | <u>1,187,311</u>                           | <u>285,104</u>            | <u>4,717,086</u>                     |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(1,519,540)</u>                            | <u>410,138</u>                             | <u>(285,102)</u>          | <u>(1,394,504)</u>                   |
| Other financing sources (uses):                              |   |  |                           |                                      |
| Proceeds from sale   | -   | 100  | -                         | 100                                  |
| Operating transfers out                                      | (1,014,135)                                   | -  | -                         | (1,014,135)                          |
| Total other financing sources (uses)                         | <u>(1,014,135)</u>                            | <u>100</u>                                 | <u>-</u>                  | <u>(1,014,035)</u>                   |
| Change in fund balances                                      | <u>(2,533,675)</u>                            | <u>410,238</u>                             | <u>(285,102)</u>          | <u>(2,408,539)</u>                   |
| <u>FUND BALANCES</u> - Beginning of year                     | <u>4,102,377</u>                              | <u>1,249,133</u>                           | <u>285,102</u>            | <u>5,636,612</u>                     |
| <u>FUND BALANCES</u> - End of year                           | \$ <u>1,568,702</u>                           | \$ <u>1,659,371</u>                        | \$ <u>-</u>               | \$ <u>3,228,073</u>                  |



## SCHEDULE 5

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2021

| <u>Account</u>      | <u>Balance<br/>Beginning<br/>of Year</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Balance<br/>End<br/>of Year</u> |
|---------------------|--|-----------------|---------------------|------------------------------------|
| Elementary School:  |  |                 |                     |                                    |
| Interest            | \$ 43                                    | \$ -            | \$ -                | \$ 43                              |
| Champs              | 51                                       | -               | -                   | 51                                 |
| Memory book         | 1,139                                    | 1,325           | 571                 | 1,893                              |
| Cheap and keep      | 2,921                                    | -               | -                   | 2,921                              |
| Middle School:      |  |                 |                     |                                    |
| Interest            | 115                                      | -               | -                   | 115                                |
| Cheap and keep      | 29                                       | -               | -                   | 29                                 |
| Concessions         | 10,086                                   | -               | 65                  | 10,021                             |
| Activity fund       | 3,610                                    | -               | 60                  | 3,550                              |
| Yearbook            | 2,991                                    | -               | 618                 | 2,373                              |
| Junior High School: |  |                 |                     |                                    |
| Interest            | 681                                      | 1               | 682                 | -                                  |
| Magazine fund       | 4,722                                    | 2,062           | 6,600               | 184                                |
| Supply hut          | 47                                       | -               | -                   | 47                                 |
| Activity tickets    | 20                                       | -               | -                   | 20                                 |
| Champs              | 4,500                                    | -               | -                   | 4,500                              |
| Uniform             | 106                                      | -               | -                   | 106                                |
| Cross country       | 687                                      | -               | 362                 | 325                                |
| Boys basketball     | -  | 1,670           | 1,670               | -                                  |
| Football            | -  | 2,302           | 1,867               | 435                                |
| Boys track club     | 2,775                                    | 2,574           | 944                 | 4,405                              |
| Wrestling club      | 2,297                                    | 323             | 270                 | 2,350                              |
| Girls basketball    | -  | 619             | 619                 | -                                  |
| Volleyball          | 1,735                                    | 4,139           | 4,235               | 1,639                              |
| Girls track club    | 1,599                                    | 2,134           | 889                 | 2,844                              |
| Yearbook            | 1,325                                    | 1,625           | 2,067               | 883                                |
| FBLA                | 42                                       | -               | -                   | 42                                 |
| Student council     | 2,163                                    | -               | -                   | 2,163                              |
| TSA                 | 885                                      | -               | -                   | 885                                |
| High School:        |  |                 |                     |                                    |
| Activity tickets    | 11,132                                   | 7,459           | 17,938              | 653                                |
| Champs              | 2,155                                    | -               | -                   | 2,155                              |
| Concessions         | 4,760                                    | 6,775           | 10,710              | 825                                |
| Pop machine         | 588                                      | 929             | -                   | 1,517                              |
| Play                | 2,109                                    | 3,891           | 3,523               | 2,477                              |
| Speech              | 309                                      | 108             | 417                 | -                                  |
| Debate              | 539                                      | 1,120           | 1,355               | 304                                |
| Vocal               | -  | 4,332           | 4,332               | -                                  |
| Band                | -  | 1,469           | -                   | 1,469                              |
| Color guard         | 1,040                                    | 900             | 175                 | 1,765                              |
| Coffee cart         | 149                                      | -               | -                   | 149                                |
|                     | <u>67,350</u>                            | <u>45,757</u>   | <u>59,969</u>       | <u>53,138</u>                      |

See Accompanying Independent Auditor's Report

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -  
STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2021

| <u>Account</u>           | <u>Balance<br/>Beginning<br/>of Year</u> | <u>Revenues</u>   | <u>Expenditures</u> | <u>Balance<br/>End<br/>of Year</u> |
|--------------------------|--|-------------------|---------------------|------------------------------------|
| High School: (Continued) |  |                   |                     |                                    |
| Uniform                  | \$ 272                                   | \$ 98             | \$ -                | \$ 370                             |
| Weightlifting            | 515                                      | -                 | 515                 | -                                  |
| Coed track               | -  | 2,455             | 124                 | 2,331                              |
| Cross country            | -  | 1,829             | 1,829               | -                                  |
| Boys basketball          | 10,480                                   | 11,135            | 21,615              | -                                  |
| Football                 | 12,243                                   | 31,663            | 31,011              | 12,895                             |
| Boys soccer              | 6,332                                    | 5,783             | 4,072               | 8,043                              |
| Baseball                 | -  | 11,648            | 11,376              | 272                                |
| Boys track               | -  | 4,025             | 2,506               | 1,519                              |
| Golf                     | -  | 2,314             | 1,751               | 563                                |
| Wrestling                | 13,535                                   | 17,210            | 20,137              | 10,608                             |
| Girls basketball         | 3,280                                    | 9,983             | 12,730              | 533                                |
| Volleyball               | 9,574                                    | 6,636             | 5,953               | 10,257                             |
| Girls soccer             | 2,906                                    | 6,188             | 4,916               | 4,178                              |
| Softball                 | -  | 12,898            | 12,569              | 329                                |
| Girls track club         | -  | 1,927             | 1,402               | 525                                |
| Cheerleaders             | 4,456                                    | 7,474             | 9,962               | 1,968                              |
| Girls golf               | 1,316                                    | 1,973             | 820                 | 2,469                              |
| Drill team               | 1,903                                    | -                 | 1,381               | 522                                |
| Class of 2022            | -  | 4,101             | 1,645               | 2,456                              |
| Class of 2021            | 330                                      | -                 | -                   | 330                                |
| AFS                      | 3,749                                    | -                 | -                   | 3,749                              |
| Boomerang                | 3,601                                    | 2,522             | 80                  | 6,043                              |
| FCCLA                    | 11,390                                   | 843               | -                   | 12,233                             |
| MOC                      | 2,406                                    | -                 | -                   | 2,406                              |
| NHS                      | 834                                      | 985               | 154                 | 1,665                              |
| Pep club                 | 1,166                                    | 1,400             | 2,542               | 24                                 |
| Renaissance              | 1,251                                    | -                 | -                   | 1,251                              |
| Science club             | 2,294                                    | -                 | -                   | 2,294                              |
| Student council          | 7,466                                    | 4,460             | 4,642               | 7,284                              |
| TSA                      | 545                                      | 507               | 115                 | 937                                |
| WHS-TV                   | 6,430                                    | -                 | -                   | 6,430                              |
| Y-Teen                   | 4,199                                    | 20                | -                   | 4,219                              |
| FFA                      | 13,697                                   | 17,562            | 14,599              | 16,660                             |
| Art club                 | 4,169                                    | 2,572             | 1,613               | 5,128                              |
| Spanish club             | 458                                      | -                 | -                   | 458                                |
| Best buddies             | 731                                      | 994               | 930                 | 795                                |
| WEL club                 | 1,457                                    | -                 | -                   | 1,457                              |
|                          | <u>132,985</u>                           | <u>171,205</u>    | <u>170,989</u>      | <u>133,201</u>                     |
| Total                    | \$ <u>200,335</u>                        | \$ <u>216,962</u> | \$ <u>230,958</u>   | \$ <u>186,339</u>                  |

WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

|                                       | Modified Accrual Basis<br>Years Ended June 30, |                      |                      |                      |
|---------------------------------------|--|----------------------|----------------------|----------------------|
|                                       | <u>2021</u>                                    | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
| Revenues:                             |  |                      |                      |                      |
| Local sources:                        |  |                      |                      |                      |
| Local tax                             | \$ 10,523,495                                  | \$ 9,285,740         | \$ 8,907,540         | \$ 8,339,032         |
| Tuition                               | 655,977  | 752,001              | 822,713              | 736,646              |
| Other                                 | 796,301  | 921,679              | 819,415              | 522,915              |
| State sources                         | 14,106,139                                     | 13,817,290           | 13,396,612           | 13,277,417           |
| Federal sources                       | <u>1,163,884</u>                               | <u>662,871</u>       | <u>596,847</u>       | <u>654,122</u>       |
| Total revenues                        | \$ <u>27,245,796</u>                           | \$ <u>25,439,581</u> | \$ <u>24,543,127</u> | \$ <u>23,530,132</u> |
| Expenditures:                         |  |                      |                      |                      |
| Instruction:                          |  |                      |                      |                      |
| Regular                               | \$ 8,233,078                                   | \$ 7,878,847         | \$ 7,875,046         | \$ 7,690,356         |
| Special                               | 2,866,623                                      | 3,002,894            | 3,557,366            | 3,737,621            |
| Other                                 | 2,486,705                                      | 2,420,429            | 1,368,871            | 1,350,672            |
| Support services:                     |  |                      |                      |                      |
| Student                               | 823,111  | 810,787              | 603,908              | 584,051              |
| Instructional staff                   | 1,454,672                                      | 1,427,826            | 1,695,853            | 1,533,626            |
| Technology                            | 283,290  | -                    | -                    | -                    |
| Administration                        | 1,836,925                                      | 1,836,406            | 1,688,913            | 1,628,096            |
| Operation and maintenance<br>of plant | 2,120,931                                      | 1,860,965            | 1,709,841            | 1,743,107            |
| Transportation                        | 1,095,646                                      | 885,142              | 1,138,645            | 915,151              |
| Other expenditures:                   |  |                      |                      |                      |
| Facilities acquisition                | 3,878,611                                      | 18,916,163           | 2,500,999            | 2,080,585            |
| Long-term debt:                       |  |                      |                      |                      |
| Principal                             | 2,510,000                                      | 1,665,000            | 2,295,000            | 2,195,000            |
| Interest and other charges            | 974,822  | 1,111,045            | 1,070,802            | 396,629              |
| AEA flow-through                      | <u>771,339</u>                                 | <u>748,177</u>       | <u>728,231</u>       | <u>720,122</u>       |
| Total expenditures                    | \$ <u>29,335,753</u>                           | \$ <u>42,563,681</u> | \$ <u>26,233,475</u> | \$ <u>24,575,016</u> |

See Accompanying Independent Auditor's Report

SCHEDULE 6

| <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          | <u>2012</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 8,048,892         | \$ 7,868,658         | \$ 8,032,006         | \$ 9,590,177         | \$ 9,469,586         | \$ 9,299,035         |
| 640,506              | 822,403              | 845,940              | 929,521              | 683,985              | 719,657              |
| 524,894              | 502,474              | 474,537              | 619,455              | 594,937              | 455,559              |
| 13,451,259           | 13,194,941           | 12,891,211           | 10,408,387           | 10,125,246           | 10,071,017           |
| <u>590,115</u>       | <u>515,737</u>       | <u>512,005</u>       | <u>518,692</u>       | <u>445,940</u>       | <u>765,387</u>       |
| \$ <u>23,255,666</u> | \$ <u>22,904,213</u> | \$ <u>22,755,699</u> | \$ <u>22,066,232</u> | \$ <u>21,319,694</u> | \$ <u>21,310,655</u> |
| <br>                 |                      |                      |                      |                      |                      |
| \$ 7,747,036         | \$ 7,552,125         | \$ 7,952,517         | \$ 7,252,273         | \$ 7,653,132         | \$ 7,087,937         |
| 3,520,063            | 3,328,914            | 2,939,566            | 3,231,339            | 3,046,604            | 2,975,804            |
| 1,378,746            | 1,249,528            | 1,194,845            | 1,311,884            | 1,324,043            | 1,234,415            |
| <br>                 |                      |                      |                      |                      |                      |
| 593,065              | 601,502              | 584,481              | 582,513              | 578,516              | 585,741              |
| 1,673,873            | 1,511,655            | 1,407,157            | 677,298              | 861,598              | 1,185,848            |
| -                    | -                    | -                    | -                    | -                    | -                    |
| 1,615,686            | 1,602,672            | 1,557,671            | 1,462,275            | 1,378,826            | 1,404,877            |
| <br>                 |                      |                      |                      |                      |                      |
| 1,868,190            | 1,720,670            | 1,638,759            | 1,772,941            | 1,603,479            | 1,556,559            |
| 982,824              | 861,732              | 996,816              | 879,328              | 937,461              | 885,290              |
| <br>                 |                      |                      |                      |                      |                      |
| 3,003,282            | 607,161              | 624,257              | 306,758              | 1,152,109            | 2,285,832            |
| <br>                 |                      |                      |                      |                      |                      |
| 825,000              | 790,000              | 760,000              | 1,035,000            | 650,000              | 580,000              |
| 657,466              | 617,570              | 643,183              | 671,959              | 690,570              | 712,245              |
| <u>706,369</u>       | <u>699,676</u>       | <u>683,839</u>       | <u>651,394</u>       | <u>627,636</u>       | <u>617,057</u>       |
| \$ <u>24,571,600</u> | \$ <u>21,143,205</u> | \$ <u>20,983,091</u> | \$ <u>19,834,962</u> | \$ <u>20,503,974</u> | \$ <u>21,111,605</u> |

## WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

|  | Assistance Living<br>Number | Entity<br>Identifying Number | Expenditures        |
|--|-----------------------------|------------------------------|---------------------|
| GRANTOR/PROGRAM:   |                             |                              |                     |
| <u>INDIRECT:</u>   |                             |                              |                     |
| U.S. Department of Agriculture:  |                             |                              |                     |
| Iowa Department of Education:  |                             |                              |                     |
| Child Nutrition Cluster:   |                             |                              |                     |
| USDA Child Nutrition Program CARES Grants to States  | 10.555                      | FY21                         | \$ 10,586           |
| Summer Food Service Program for Children   | 10.559                      | FY21                         | 758,957 *           |
|  |                             |                              | <u>769,543</u>      |
| U.S. Department of Education:  |                             |                              |                     |
| Iowa Department of Education:  |                             |                              |                     |
| Title I Grants to Local Educational Agencies   | 84.010                      | FY21                         | <u>174,901</u>      |
| Student Support and Academic Enrichment Program  | 84.424                      | FY21                         | <u>10,000</u>       |
| Career and Technical Education - Basic Grants to States  | 84.048                      | FY21                         | <u>9,924</u>        |
| Education Stabilization Fund Under the Coronavirus Aid, Relief and<br>Economic Security Act (CARES) Cluster: |                             |                              |                     |
| COVID-19 Governor's Emergency Education<br>Relief (GEER) Fund  | 84.425C                     | FY21                         | 71,600              |
| COVID-19 Elementary and Secondary School<br>Relief (ESSER) Funds   | 84.425D                     | FY21                         | <u>532,813</u>      |
| Total Education Stabilization Fund Under CARES Cluster   |                             |                              | <u>604,413</u>      |
| Supporting Effective Instruction State Grant   | 84.367                      | FY21                         | <u>34,877</u>       |
| Coronavirus Relief Fund  | 21.019                      | FY21                         | <u>53,664</u>       |
| Heartland Area Education Agency:   |                             |                              |                     |
| Special education - Grants to States   | 84.027                      | FY21                         | <u>76,514</u>       |
| Total  |                             |                              | \$ <u>1,733,836</u> |

\* - Includes \$60,227 of non-cash awards

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Winterset Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Winterset Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Winterset Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Winterset Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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Certified Public Accountants  
"Your Success Is Our Business."

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Winterset Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winterset Community School District as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise Winterset Community School District's basic financial statements and have issued our report thereon dated November 10, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Winterset Community School District's internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winterset Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Winterset Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Winterset Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Winterset Community School District's Responses to the Findings**

Winterset Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Winterset Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Winterset Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin & Co., P.C.*

Ottumwa, Iowa  
November 10, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of  
Winterset Community School District:

**Report on Compliance for Each Major Federal Program**

We have audited Winterset Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Winterset Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Winterset Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winterset Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Winterset Community School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Winterset Community School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

The management of Winterset Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Winterset Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Winterset Community School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin & Co., P.C.*

Ottumwa, Iowa  
November 10, 2021

WINTERSET COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
  - Child Nutrition Cluster
  - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Winterset Community School District did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- IV-A-21 Certified Budget – Expenditures for the year ended June 30, 2021 did not exceed the amended certified budget amounts.
- IV-B-21 Questionable Expenditures – No expenditures we believe may not meet the requirements for public purpose as defined in Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-21 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-21 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-21 Restricted Donor Activity – No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-G-21 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-H-21 Certified Enrollment – We noted a variance in the certified enrollment data certified to the Iowa Department of Education. The certified enrollment was understated by 1.0 for the 2019-20 count.
- Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response – The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion – Response accepted.
- IV-I-21 Supplementary Weighting – No variances regarding supplementary weighting certified to the Iowa Department of Education were noted.
- IV-J-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-K-21 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education.
- IV-L-21 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

WINTERSET COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- IV-M-21 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR:

|                                       |    |                  |                  |
|---------------------------------------|----|------------------|------------------|
| Beginning balance                     |    | \$               | 4,102,377        |
| Statewide sales, services and use tax | \$ | 1,724,904        |                  |
| Other local                           |    | <u>227</u>       | <u>1,725,131</u> |
|                                       |    |                  | 5,827,508        |
| Expenditures:                         |    |                  |                  |
| Support services                      |    | 372,613          |                  |
| Other expenditures                    |    | 2,872,058        |                  |
| Transfers to other funds:             |    |                  |                  |
| Debt service                          |    | <u>1,014,135</u> | <u>4,258,806</u> |
| Ending balance                        |    | \$               | <u>1,568,702</u> |

For the year ended June 30, 2021, the District did not reduce any levies as a result of the money received under Chapter 423E or 423F of the Code of Iowa.